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NEWS SUMMARY

GENERAL

Russia scorns Carter veto

The Soviet Union has denounced as blackmail a decision by President Carter to veto a $7m computer sale to Russia and place all oil-related equipment exports to the Soviet Union under review.

The Communist Party newspaper Pravda said the U.S. move was destined to backfire and that the Soviet Union would take its trade elsewhere.

President Carter was reacting to mounting public anger at the recent harsh treatment of Soviet dissidents, notably Anatoly Shcharansky and Alexander Ginzburg, members of the unofficial Helsinki monitoring group. Back and Page 2

● Ukrainian member of the Helsinki human rights group, Lev Lukyanenko, was yesterday sentenced in Gorodnya, to 10 years hard labour and five years in internal exile, for anti-Soviet agitation and propaganda.

Killer squad

A black nationalist guerrilla in Rhodesia said that he believed a six-man assassination squad was in Salisbury with a mission to kill leading blacks in the transitional Government. Rhodesia budgets for £200m deficit, Back Page

Egypt firm

Egyptian President Anwar Sadat said that Egypt would not participate in further Middle East peace talks until Israel produced "new elements." He would not say whether the Leeds Castle talks had been a success or failure. Page 3 and Editorial Comment, Page 20

Siege charge

David Brain, charged with possessing a shotgun with intent to endanger life after being involved in a six-day siege in North Aston, Oxfordshire, was remanded for seven days by Banbury magistrates. Bail was refused.

Offices raided

Police shot and injured a member of an armed gang raiding Dublin offices. The raiders snatched £2,000 but four of them were arrested. A 17-year-old London-born youth was also shot in the ... in Dublin.

Mercy trip

Hughie Green, star of Opportunity Knocks, told Guildford Crown Court that he was on an errand of mercy for a fan when he was breathalysed by police. Green, 58, denies two drink-driving charges.

Boxer in coma

Italian boxer Angelo Jacopucci underwent a second emergency brain haemorrhage operation last night, after being in a coma for several hours following his defeat in the European title fight at Bellaria, Italy, by Britain's Alan Minter.

Damages case

Dennis Hammerton, 26, the "poacher in the grass" who was shot in mistake for a rabbit and blinded in one eye, lost his High Court damages action against the man who fired the gun, a former farmhand.

Squatters out

The 160 homeless people were ordered to end their 18-month occupation in Bloomsbury, London after the High Court returned the 54 flats to the owners, Camden and Islington Area Health Authority.

Briefly . . .

Police surrounded an Iberia airliner from Madrid at Orly airport, Paris, after a crew member pressed the hijack alert button by mistake.

Former Liberal leader Jeremy Thorpe is to sue the satirical magazine Private Eye for libel.

Champion Anatoly Karpov and challenger Viktor Korchnoi drew the second game in the World Chess Championship.

BUSINESS

Pound up 90 points; gold $3¼ higher

● STERLING rose 90 points to $1.9040, its highest closing level since March 17. Its trade-weighted index improved to 62.5 (62.2), its best since March 29. Dollar's depreciation fell to 7.9 (7.8) per cent.

● EQUITIES rally faded on news that dividend legislation is to be introduced next week, with publication of the White Paper on future pay policy, due today. FT 30-share index, up 7.4 earlier, closed only 2.7 up at 470.4. Gold Mines Index was 6.3 higher at 170.7.

● GILTS held firm, with the long tap being operated for the first time. Government Securities Index was up 0.13 at 70.70.

● GOLD rose $3¼ to $189½.

● WALL STREET closed off 2.08 at 838.62.

● U.S. MONEY SUPPLY—M1 fell $2bn to $352.2bn, M2 fell $1.2bn to $845.5bn. Commercial and industrial loans rose $86m (down $254m). Fed funds averaged 7.94 (7.72) per cent and 90-119-day commercial paper 7.88 (7.84) per cent.

● LARGE SALES of gilts in the few days after last month's credit squeeze measures helped to bring money supply growth back well within the Government's targets for the current year. Back Page

Vauxhall profit tops £4m

● VAUXHALL MOTORS achieved first-half net profits of £4.3m (£2m), the highest figure since 1971. Turnover rose to £416m (£305m). The company is to lay off 4,000 production workers at its Ellesmere Port plant from tonight. Pages 8 and 10

● MR. DAVID TROTMAN, a former director of J. B. Eastwood, has been censured by the City Take-over Panel for dealing in his company's shares when he was in possession of price-sensitive information. Back Page

● TATE AND LYLE is to bring forward plans for further rationalising its sugar operations, because of the world sugar surplus and UK refining overcapacity. Page 6

● BRITISH SHIPBUILDERS' plan to compete with private engineering companies by diversifying out of ship and marine engine building was attacked by engineering employers. Back Page

● PERSONAL SECTOR savings rose by £3.8bn (£3.3bn) in the first quarter, Central Statistical Office figures show. Page 6

COMPANIES

● UNIGATE pre-tax profit rose to £31.5m (£22.8m) on turnover of £973.8m (£862.9m) in the year to March 25. Pages 16, 24 and Lex

● GREAT UNIVERSAL Stores pre-tax profit rose to £128.1m (£112.3m) on turnover of £1.24bn (£1.09bn) in the year to March 31. Page 24 and Lex

...F PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

... 12pc '13-17	£96½	+ ¼
...olive Secs.	96	+ 6
...sh	664	+ 7
...	203	+ 5
...gh	146	+ 5
...s Hldgs.	41½	+ 3
...ntnl.	256	+ 6
...	230	+ 7
...nd Everard	99	+ 6
...(Wimbledon)	200	+ 13
...Feed	52	+ 4
...Refuelling	168	+ 8
...and Gotch	88	+ 10
...s	169	+ 5
...ere	242	+ 12
...nterests	158	+ 8
...rs (B.)	157	+ 12
...e (R.)	200	+ 65
Metal Box	328	+ 6
Plysu	88	+ 6
Rothschild Inv.	209	+ 6
Sainsbury (J.)	202	+ 7
Stock Conversion	254	+ 12
Stothert and Pitt	200	+ 16
Unigate	68	+ 6
Union Discount	322	+ 17
Cons. Gold Fields	180	+ 7
Kloof	600	+ 39
Libanon	536	+ 24
President Steyn	760	+ 59
Vaal Reefs	£15¼	+ ¼

FALLS

Allied Textile	150	− 4
Forminster	153	− 12
Inveresk	67	− 6
Siebens (UK)	392	− 6
Anglo Utd. Dev.	179	− 20
Northgate Explor.	390	− 35
Westfield Minerals	130	− 7

Ministers expected to offer relaxation of dividend controls

BY PHILIP RAWSTORNE AND PETER RIDDELL

The Government is expected to propose a relaxation of dividend controls. It is intended to allow an increase in profits to be reflected in higher payouts.

This will be the main surprise in a short Bill extending dividend controls beyond the end of this month which will be published this morning as part of the Government's counter-inflation proposals. The change is partly intended to enhance the Bill's chances in the Commons against the Liberals' opposition.

The Cabinet decided yesterday morning to press ahead with a Bill and approved a statement on pay to be made to the Commons today by Mr. Denis Healey, Chancellor, and an accompanying White Paper on pay policy.

Mr. Healey is expected to announce a clear pay norm of 5 per cent in order to cut the overall rise in earnings by half in the wage round starting next month compared with Phase Three.

The Cabinet has rejected the idea of specifying a margin for anomalies, wage differentials and drift, although it is hoped that they will amount to no more than 2 per cent. The White Paper is likely to propose an extension of the work of wages councils in dealing with the problems of the low-paid.

The basis of the proposed change in controls is that companies will be allowed to increase dividend payments more or less in line with profits if the dividend cover is maintained.

Thus companies will not be able to alter the present relationship between after-tax profits and dividends. So groups with a high cover will not suddenly be able to announce a big jump in dividends unless there is a proportionate rise in profits.

The move will be presented as an attempt to remove some of the present distortions in the capital market in order to allow successful companies to reward shareholders.

However, the proposals leave the anomaly that companies are arbitrarily stuck with their present dividend cover and there are also accounting uncertainties over the presentation of profit figures.

At present, dividends can be increased only by 10 per cent a year with exemptions to cover rights issues and takeovers.

The Government's chances of getting the dividend control Bill through the Commons still appeared slender last night. But ministers intend to intensify political pressure on the Liberals and Scottish Nationalists who have indicated that they would not support the legislation. There are obviously hopes that the proposed relaxation will reduce the present opposition.

Mr. Healey, in his Commons statement today, will stress the Cabinet's view that without a continuing curb on dividends, the Government would have little hope of securing wide acceptance of its 5 per cent norm for pay increases.

Cabinet Ministers at their three-and-a-half-hour meeting yesterday agreed there was little prospect of companies' imposing any voluntary limit on payments to shareholders.

Mr. James Callaghan is expected to reinforce the message in Tuesday's debate on the Government's pay White Paper. Both Liberals and Scottish Nationalists it is hoped, may be persuaded to abstain if it appeared that they were putting the Government's entire anti-inflation policy at risk.

The Prime Minister does not intend to make the enactment of the Bill an issue of confidence. Without support from the Liberals and SNP, as well as a few Ulster Unionists, the Conservatives would be unable to block the legislation.

They intend to mount their strongest resistance beginning with a vote against the Commons

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Parliament Page 10

Gas pipeline study fails to satisfy Government

BY RAY DAFTER, ENERGY CORRESPONDENT

A GOVERNMENT study group which recommended the construction of pipeline networks, costing up to £1.14bn, to gather scattered pockets of North Sea gas was told yesterday that it had not been ambitious enough.

The Department of Energy in challenging some of the findings of the group which comprises State-owned and private companies, also announced the go-ahead for a small gas gathering network, costing some £120m, which had been dismissed as uneconomic by the study group. Further studies will be needed before any decisions are made on the larger gas gathering schemes.

The cause of the rift is the large amount of gas that is known to lie in oilfields or in smaller natural gas reservoirs. The Government wants to make sure that as little as possible of the gas is wasted. Without some gathering facilities much of the gas would either be left in the ground or, produced with oil, flared into the atmosphere. The study group, however, has told the Government that it will have to accept some flaring of uneconomic gas especially in the next few years. This would be the case even if gas prices were substantially increased.

Gas Gathering Pipelines (North Sea) was formed out of a consortium of British Gas Corporation, British National Oil Corporation, British Petroleum, ICI, Rio Tinto-Zinc and Elf/Total to study the possible collection systems.

In recent months Government Ministers have been talking about the possibility of a £5bn network based on a new trunk gas line. But the study group said this was not necessary. Instead it suggested that about £950m should be spent by oil companies on pipelines to link a number of fields with the existing trunk lines which run from the Frigg Field to St. Fergus in Aberdeenshire.

It also recommended that in the 1980s about £180m should be spent on linking several fields to the more northerly Brent gas trunk line.

The study group argued that an immediate system, linking the Cormorant, Heather and Dunlin fields to Brent would be "sub-economic." It calculated that in view of the relatively small amounts involved the cost of carrying gas through this system would be 19.4p a therm—almost four times the average price being paid by British Gas for its offshore supplies.

But it is essentially the system—put forward by Shell and Esso—that was given the Government's blessing yesterday. Shell, as operator for the Brent Field partnership, would not comment on the economics of the scheme yesterday although the Energy Department insisted that the decision had been taken on sound economic grounds.

Shell and Esso are proposing to build a gas collection network linking the Brent, Cormorant, Ninian and North West Hutton Fields. Design of the Brent-Cormorant line is expected to be finalised in the next two months.

The Department is also disappointed that Gas Gathering Pipelines has ruled out the possibility of a new gas trunk

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Energy Review Page 9

U.S. raises steel trigger price

BY DAVID BUCHAN

WASHINGTON, July 20.

TRIGGER PRICES for steel products imported to the U.S. will rise by an average of 4.4 per cent on October 1 over levels in force in the current quarter, the U.S. Treasury announced yesterday.

This means a 10 per cent average increase in these prices introduced at the New Year to provide a speedy reference for dumping investigations.

Of the latest adjustment most, 3.3 per cent, is merely to take account of continued appreciation of the Japanese yen against the dollar.

The trigger price system is based on estimates of the production costs of Japanese integrated steel mills, generally reckoned to be the world's most efficient, but it applies to imports from all quarters. Imported steel sold below these prices will trigger off anti-dumping action.

The Treasury has lowered its estimates for freight rate costs of some products to the Great Lakes. European steel producers in particular complained that because Great Lakes freight rates were estimated too high they were losing their U.S. market.

Treasury officials said today that the revision was made not only because of European pressure, but also because Great Lakes ports lost custom to East Coast and Gulf of Mexico ports.

Treasury officials claim that the effect of the trigger price system, which came fully into force only in April, begins to show a drop in steel imports in May.

John Lloyd writes: The U.S. move will inevitably make the U.S. market, a significant export one for British Steel, more difficult for BSC. However it hopes that the trigger price rise may be cancelled out by a corresponding rise in U.S. domestic prices.

The downward revision in the Great Lakes freight rates is not thought to be particularly significant to the corporation.

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For latest Share Index 'phone 01-246 8026.

WHITE PAPER PROPOSES BAN ON INSIDER TRADING

Company law splits parties

BY MARGARET REID

DIFFERENCES between the main political parties emerged last night over the key provision in the Government's proposed new Companies Bill, which is the plan to outlaw insider trading—the use of confidential information to make personal profits on share deals.

Mr. John Nott, the Conservatives' trade spokesman, described the proposed clauses in the White Paper "Changes in Company Law," making insider dealing a criminal offence punishable by up to two years imprisonment, as "totally unacceptable as drafted." He said the proposals seemed far too wide.

He was not totally against legislation to make insider trading a criminal offence, but added: "As I read it, I think it is so broadly drafted as to discourage directors and employees from owning shares. Our whole interest is to encourage wide share ownership, partly of shares by employees in their companies."

In the past there has appeared to be a bi-partisan approach by the Labour and Conservative parties, with both favouring a legal clampdown on insider trading, against the background of occasional City scandals. The abortive Companies Bill introduced in 1973 by Mr. Peter Walker, as Trade and Industry Secretary in the Heath Government, would have made insider share dealing an offence.

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Editorial comment Page 20

Now there appears to be at least a change of emphasis in the approach to the subject by Mrs. Margaret Thatcher's Shadow Cabinet.

Mr. Nott said: "If we could get a statutory definition which in no way discouraged the purchase and ownership of shares by directors, managers and employees, I would not be against this in companies' legislation.

"But I am sceptical whether we can get the definitions right and if we can't I would prefer to rely on the listing requirements of the Stock Exchange, which are a very major sanction, rather than damage what we passionately believe in—ownership of shares in industry by those working in it."

The White Paper, presented to Parliament yesterday by Mr. Edmund Dell, Trade Secretary, contains a considerable planned legislative package for reforming company law, including a tightening of control over companies' loans to their directors, and a new definition of directors' duties.

Other provisions are designed to implement the European Economic Community's Second Directive, on company law, notably through a distinction between public and private companies.

Mr. Dell: a considerable package

The Government would have brought in a Bill of the kind now indicated in the present Parliamentary session, had time allowed. Legislation to reform company law was foreshadowed in the Queen's Speech last November.

Strictly speaking, the EEC requirements should be translated into British law by mid-December this year—a fact which must make the launching of at least a limited Bill to introduce them highly likely this autumn. Meanwhile, the lengthy and detailed draft is published with an invitation for further public comment.

Mr. Nott welcomed the way in which the Government had published detailed proposed clauses at this stage.

He also said that the Conservatives, if in Government, would like to add to a company law package legislation to implement the recent EEC Fourth Directive on company accounts and reporting, as this would tend to ease the burden on smaller companies.

The Government's draft provisions on insider trading would ban directors and other people connected with a company from dealing in securities if they possess inside information. This is defined as information which is not generally available but which, if it were, would be likely "materially" to affect the price of the securities. "Tippees" who received inside information knowing it to be such would also be prohibited from dealing on a stock market.

A number of defences which would be an answer to any charges are, however, indicated, such as that the aim had not been to make a profit.

A specific legal requirement for directors to consider the interests of their employees, as well as of shareholders, is included in the draft Bill. But this could eventually find a place in the legislation being prepared about industrial democracy.

Spending reaches all-time peak

By Peter Riddell, Economics Correspondent

CONSUMER SPENDING is now at an all-time high after rising sharply during the past 12 months to just above the previous peak level of 1972-73.

Preliminary estimates published by the Central Statistical Office yesterday show that the volume of consumer spending between April and June was 3.5 per cent higher than a year earlier.

Recovery

The recovery reflects the sharp rise in real incomes in the period as a result of the slackening in the rate of price inflation during the period and an acceleration in the rate of growth of earnings.

Spending in the first half of the year was about 2½ per cent higher than in the previous six months and roughly 4½ per cent up on the same period of 1977.

CONSUMERS' EXPENDITURE

1970 prices, seasonally adjusted

		£m
1975		35,269
1976		35,406
1977		35,133
	1st	8,758
	2nd	8,639
	3rd	8,829
	4th	8,890
1978	1st	9,084
	2nd	9,115*

* First preliminary estimate
Source: Central Statistical Office

The general expectation is that the rate of increase in consumer spending will slow down towards the end of the year in line with the trend in real incomes, but this may still leave an overall rise of 4½ to 5½ per cent for this year compared with 1977.

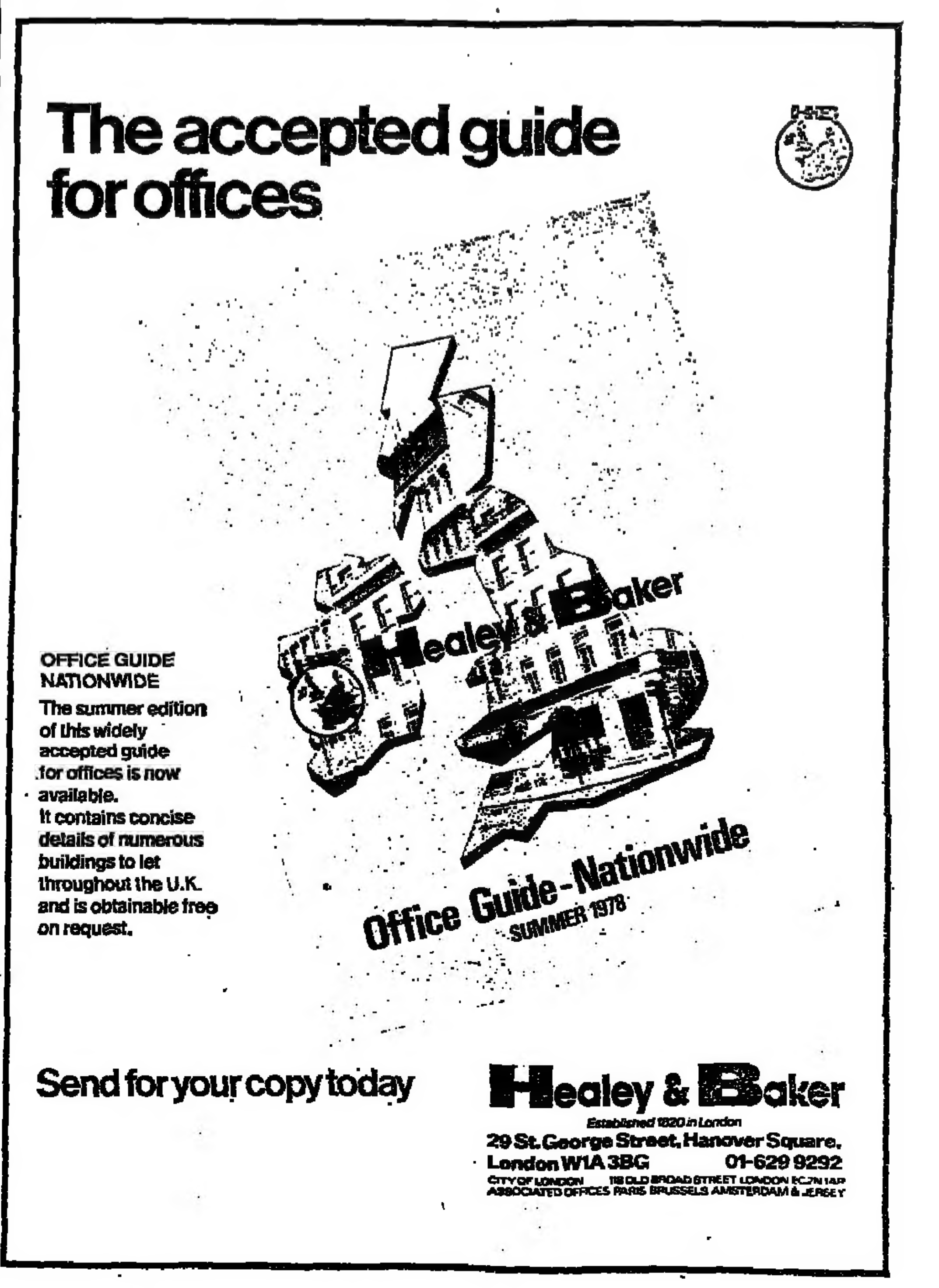
Adjusted

The official estimate of the volume of spending in the second quarter is £9.11bn, at 1970 prices and seasonally adjusted. This is 0.3 per cent higher than the level in the January-March period and 0.2 per cent above the previous peak in early 1973.

The main changes between the first and second quarters were a slight rise in spending on durable goods, especially cars, and on services. But spending on food and on alcoholic drink fell back from the high level of the first quarter.

£ in New York

—	July 20	Previous
Spot	$1.9075-9085	[illegible]
1 month	0.55-0.50 dis	[illegible]
3 months	1.28-1.23 dis	1.34-1.29 dis
12 months	4.85-4.65 dis	4.27-4.77 dis



Basque party climbs down on autonomy provisions

BY JIMMY BURNS

MADRID, July 20.

MEMBERS of the Partido Nacional Vasco (PNV) the principal Basque parliamentary party, today backed down from its threat to abandon the Cortes, the Spanish Parliament, and instead moved closer to an agreement with the Government on the new constitution.

Sr. Javier Arzallus, a leading PNV deputy, this afternoon told the Cortes that his party had accepted one of the main proposals made by the UCD, the Government party.

This is that the autonomy of the Basque country, along with that of the other main Spanish regions, should be defined and guaranteed within the constitution.

Both the UCD and the main opposition parties, including the Socialist Party, have maintained throughout that a separate law defining the economic and political rights of the Basques, would carry with it the risk of creating a "state within the state."

Despite the acceptance by the PNV of this clause, the party still remains unconvinced by the guarantee for the transfer of local powers in the constitution.

Both the Government and the main opposition parties have now admitted publicly that they can compromise no further on the autonomy issue. Their hope at this late stage is that the PNV will accept the constitution, and use its considerable influence among the Basques to encourage support for it, during the coming referendum.

The Basque country remains the focus of political attention here with the Government apparently making an all-out effort to reach agreement with all the parties concerned. It was announced today that a government delegation, probably led by Sr. Abril Martorell, the Deputy Prime Minister, would meet for the first time leading representatives of EIA, the Marxist-orientated Basque revolutionary party. EIA is known to have considerable links with ETA, the Basque terrorist organisation, and with the bulk of more militant Basques who tend to favour taking to the streets in support of Basque nationalism.

Among those EIA members who will be meeting the Government this evening is Sr. Mario Onaindia, the party's general secretary. Sr. Onaindia, a former member of ETA, was condemned to death during the Franco regime. He was amnestied last year.

● The Spanish consumer price index rose by 1 per cent in June, according to provisional figures just released here.

The Government has planned to reduce inflation to 16-17 per cent for 1978. The wage ceiling agreed as part of the Moncloa Pact—a package of economic and political measures agreed with the opposition parties last October—has been dependent on the holding of the index below an 11.5 per cent increase between December, 1977, and June of this year.

In the first six months of this year, however, the consumer price index has increased by only 7.3 per cent. This compares with an increase of 13.2 per cent during the same period in 1977.

The sharp fall has been achieved by a combination of rigorous control of the money supply, adherence to wage ceilings, and the generally depressed state of demand.

The increase in the money supply has so far been kept marginally below that which would produce the 17 per cent rise which is the target for the whole year.

At the same time, a new spirit of consensus appears to be developing between the Government and the unions. Sources close to the Ministry for Industry are confident that the agreement reached earlier this week with management and the three major unions, the Communist Workers' Commissions and the Socialist UGT and USO, on the restructuring og the shipbuilding industry, represents a major breakthrough in industrial relations.

Splits leave ETA 'incapable of avenging' shootings by police

BY DAVID GARDNER, RECENTLY IN THE BASQUE COUNTRY

THE MILITARY wing of the Basque separatist organisation ETA is not yet capable of bringing off a spectacular action in revenge for last week's police violence in the Basque country when two people were shot dead and over 200 injured. Like ETA's "political-military" wing it will for the moment be content with the mass response of the Basque people through demonstrations and strikes, as happened last week.

This was the view expressed to the Financial Times by a founder member of ETA and a present ideological mentor of the political-military wing which he represented in last summer's abortive negotiations with the Government, designed to secure minimum agreement for a pre-electoral ceasefire.

On that occasion, according to the ETA member, the Government was not in a position to offer more than a phased amnesty of political prisoners, which in any case, he believed, went ahead under the pressure of the mass campaign taking place at that time.

The negotiations split the political-military organisation, with the "berezi" special commandos, allegedly led by Sr. Miguel Angel Apalategui—known as Apala—carrying out actions like the kidnapping and murder of the Basque industrialist Sr. Javier Ybarra on their own authority, before fusing with the military wing of ETA. Apala is now one of the three main leaders of this wing, which following the wave of recent attacks on police, and the murder of the Basque journalist Jose Maria Portell, has set its face against negotiations.

According to the ETA member, the military wing, though larger than commonly believed, does not have the infrastructure needed to carry out a large-scale action, and will instead step up its attacks on easier targets like the police. The resilience of the military organisation is based on its structuring into semi-autonomous commando units with no contact between each other. This makes its members impermeable to political currents, a fact compounded by what one former ETA member described as the "political illiteracy" of the military wing's leadership.

The radical differences between the two organisations reflect the history of ETA itself, which has repeatedly, and sometimes violently, split over differences between what alliances should be maintained with other left-wing forces in the Basque provinces and the country as a whole, and over what importance should be given to the "armed struggle."

For the political-military wing, the objective is no longer primarily to destabilise the regime, but to support mass struggles, and to achieve more autonomy, in alliance with existing radical parties. Armed action plays a subsidiary role designed to give an extra push towards objectives which the "mass struggle" is for the moment incapable of achieving.

ETA selects its targets with care, and according to the source, last month's spectacular but unsuccessful attack on the military governor in San Sebastian had an essentially didactic nature, designed, he said, to "pick out the real seat of the present structure of bourgeois power for the attention of the people." Similar attacks could occur.

He also believed that indiscriminate violence of the kind practised by the military wing reinforced the bargaining position of moderate forces like the Basque Nationalist Party (PNV) which is negotiating amendments to the draft of Spain's new democratic constitution with the Government and other parties.

The military wing, on the other hand, had little political programme other than violence the source said. The support for the orgainsation revealed in last week's demonstration was due to police action.

The violence perpetrated by the military wing was an impediment to the development of the radical and nationalistic Left in the Bsaque country, which, the source went on, could do well in municipal elections.

W. German car sales reach plateau

By Guy Hawtin

FRANKFURT, July 20.

THE FIRST half year's production figures from the West German motor industry provide solid evidence for the manufacturers' contention that the boom in domestic car sales has reached its peak. Output during the first six months was only slightly above the total for the same period last year and signs are that sales are near stagnation, albeit at a high level.

According to the industry's trade association, the Verband der Automobilindustrie (VDA), car and estate vehicle production during the first half totalled 2,063,300 units. This was some 2 per cent up on the industry's performance in the first half of 1977 when 2,019,441 units were manufactured.

In contrast, VDA statistics show a hefty drop in the output of commercial vehicles. Manufacturers, it said, had been hard hit by declining export demand.

Commercial vehicle output fell by 12 per cent during the period under review—from the 166,107 units produced in the opening six months of 1977 to 145,700 units.

Car and estate vehicle exports rose by 3 per cent in the first half year from 970,139 in the opening six months of last year to 997,100 units. But, on the other hand, commercial vehicle shipments overseas plunged by 20 per cent from 100,034 units to 80,000 units.

In June this year the industry's output of vehicles of all types totalled 404,700 units compared with the 358,849 units manufactured in the same month of 1977. These figures are considerably distorted by the fact that there were 22 working days last month compared with 20 in June 1977.

Car output totalled 377,600 units against the previous year's 332,846 units. But on a calendar adjusted work-day basis the actual rise in output was only 3 per cent. Commercial vehicle output, on the same calendar adjusted basis totalled 1,232 units —5 per cent down on the 1,300 units a day of June 1977.

Turkish Government signs social contract with unions

BY METIN MUNIR

ANKARA, July 20.

THE Turkish Government today signed a "social contract" with the powerful Confederation of Turkish Labour Unions, (Turk-Is), the first one to be concluded in Turkey.

This year the agreement will affect 470,000 workers whose collective agreements have come up for renewal.

It was signed here by the Turkish Prime Minister, Mr. Bulent Ecevit, and Senator Halil Tunc, the Turk-Is chairman.

Although Mr. Ecevit hailed it as "a landmark in increasing the welfare of Turkish society along with Turkish workers," the document, which he called a "social contract" was disappointingly vague.

In what appeared to be its most crucial paragraph the agreement said that wage increases and side benefits would be regulated according to price increases. The current increase would be regulated according to price increases dating from 1976.

The agreement could be crucial if it succeeds in curbing wage increases. In the past two years wages have gone up by a national average of over 30 per cent and this year more than 100 per cent increases were demanded and granted.

Both percentages are overwhelmingly higher than increases in productivity and not conducive to fighting inflation. In the year to April consumer prices rose by around 60 per cent.

Lack of any wage control or restraint has so far constituted one of the biggest gaps in the Government's otherwise comprehensive programme of economic austerity. To what extent today's social contract will be able to fill this gap remains to be seen.

Although the country's biggest labour confederation, the liberal Turk-Is is predominant in the state sector it had no jurisdiction over many workers in the private sector, who belong to the more radical Confederation of Revolutionary Workers Unions (DISK).

Mr. Ecevit has approach DISK with the intention of signing a similar social contract but no agreement has been reached. Some observers believe that DISK will not accept a wage curb, however vague.

UN assistance urged for Greek Cypriot settlement

BY OUR OWN CORRESPONDENT

NICOSIA, July 20.

TURKISH CYPRIOTS today made a new offer for the resettlement of Greek Cypriot refugees, suggesting that the eastern town of Varosha (Famagusta) be put under an interim administration with UN supervision.

The proposal was put forward early this morning by Mr. Rauf Denktash, the Turkish Cypriot leader, in the form of an "open message" to the Greek Cypriots. It came as both sides prepared to observe, in their different ways, the fourth anniversary of Turkish military intervention in Cyprus on July 20 in 1974.

President Spyros Kyprianou was holding a Cabinet meeting this afternoon to consider the Turkish offer, but Greek-Cypriot officials said earlier that the Government was almost certain to reject the proposal.

Varosha, the modern sector of Famagusta, was the home of some 40,000 Greek Cypriots before the invasion, and Mr. Denktash's proposal envisages the resettlement of 35,000 of them there—to begin as soon as negotiations resume between the two sides after their year-long deadlock.

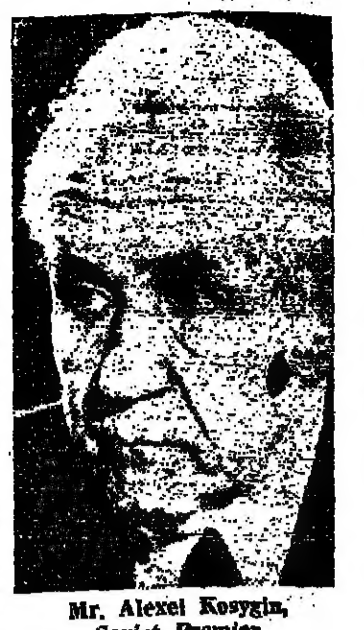
The seaside town was the most important tourist area of the island before the war, with scores of luxury hotels and apartment blocks. Since August 1974, when the Turks launched their second military offensive, the town has been deserted, sealed off by Turkish troops. Its future has always been considered a key element in any settlement of the Cyprus conflict.

CANCELLATION OF U.S.-SOVIET DEAL

Pressure will not succeed—Pravda

BY DAVID SATTER

MOSCOW, July 20.



Mr. Alexei Kosygin, Soviet Premier

THE COMMUNIST Party newspaper Pravda today issued a sharp attack on President Carter's decision to cancel the sale of a Sperry Univac computer to the Soviet Union and place the sale of oil-field equipment to Russia under review.

The Pravda article denounced the attempt to use economic sanctions to influence the Soviet behaviour as "an old, corroded lever of pressure and blackmail."

Echoing a less specific commentary last night in the Government newspaper Izvestia, Pravda said that the attempt to influence the Soviet Union through cancellation of contracts will "in any case be unsuccessful," rebounding to the detriment of the United States.

Although the Soviets have expressed themselves forcefully most recently in a speech this month by Mr. Alexei Kosygin, the Soviet Premier, for the lifting of the Jackson-Vanik trade amendment which ties liberalised U.S.-Soviet trade to freer Jewish emigration and for the expansion of bilateral trade in general, they have also insisted that they are not dependent on U.S. trade and can go elsewhere to buy high technology products.

In general terms this is certainly true. The only areas where the United States offers products which the Soviets cannot obtain at comparable levels of quality elsewhere are oilfield equipment and computers.

The Soviets cannot get drill bits of comparable quality or submersible pumps from any of the United States' Western competitors. The Soviet Union produces its own drill bits, but they are ineffective, and the submersible pumps are made only by U.S. companies and are of considerable potential importance in a country where more than 80 per cent of the oilfields are reportedly flooded.

The U.S. has also either sold the Soviet Union directly or has a large component share in many of the Soviet Union's pipeline compressor stations. The Italians also make compressor units but they do not have as large a share of the market as the U.S.

A ban on U.S. oil and gas equipment exports would hurt the Soviets, particularly as they are under considerable pressure to improve their oil extraction methods as production in existing wells is beginning to peak but there are indications in Moscow that the Soviets are prepared for such an eventuality.

One commercial source said that Soviet trade officials asked one of the bidders for a big contract for gas lift retraction equipment for the Samotlor and Fyodorovsk oil fields if the American components in his bid could be effectively replaced.

The situation in computers is somewhat more promising for the Soviets if they intend to seek out non-American sources of supply. The U.S. is now generally thought to have all but lost its lead in computer hardware, with Japanese computers able to do 2m instructions per second as against 2.2m for the latest U.S. computers.

The traditional American lead in computer technology now resides in superior software as well as long experience in computer application. These residual advantages, however, although valuable, would probably not be enough to persuade the Soviets to press ahead with American purchases if it became politically disadvantageous.

The Pravda article denounced President Carter's cancellation of the Sperry Univac contract as an attempt to worsen relations. The Soviets want trade with the U.S. for political reasons as much as economic ones. In the short run, however, it appears that a ban on high technology U.S. exports to the Soviet Union would, despite protestations, do some economic harm to the Soviets. They would have to reorient aspects of their planning in order to make up for this.

The risks of imposing economic sanctions

BY DAVID LASCELLES, IN NEW YORK

PRESIDENT CARTER was reacting to mounting public anger at recent Soviet trials when he decided earlier this week to place all U.S. exports of oil technology to the Soviet Union under government control. But effective as they may be as a political gesture, it raises a host of questions to which there are as yet few answers.

Apart from the obvious one, will it make any difference, what about the effects on U.S. business and trade, and what of the implications for the world oil market if Soviet production gets bogged down through lack of good equipment?

The only point that is immediately clear is that Mr. Carter opted for controls on oil technology because this is both a highly publicised field, and one where the Soviet Union is thought to be particularly vulnerable.

Though many of the conclusions in the CIA's recent report on the Soviet oil industry have been discounted as exaggerated (it predicted for instance that the Russians would reach an oil production peak before 1980) it is widely accepted that the industry faces an increasingly difficult period. Old oilfields are running out, yet exploration and development of new ones is not proceeding fast enough to ensure adequate supplies well into the 1980s.

For this reason, the possibility that Mr. Carter will cancel a previously licensed sale of $144m worth of equipment and technology to produce high quality drill bits must cast a shadow on the Soviet oil exploration programme. Drill bit technology is known to be a weak area for the Russians who use high speed turbo-drills demanding extra tough bits.

Mr. Carter said earlier this week that he would also cancel the proposed sale to the Soviet Union of a $6.8m computer ordered by Tass to process information for the Olympic Games. Electronics is a high technology field in which the Russians are many years behind the West, both in the equipment they can make and the number of computers in use.

By Western estimates, Soviet computer technology has yet to get fully into the micro-circuit generation, and their most powerful models perform fewer than half as many functions as the best available in the West. This much is obvious from the persistence with which Moscow places orders for big Western computers, and even the mini desk-top computers which have now become the fashion in the West.

Although Mr. Carter opted for sanctions in electronics and oil technology, he might equally well have decided to restrict sales of plant and technology for the chemical industry, one of the largest single Soviet import categories from the West. Plastics, fibres, and fertilisers are all high priorities under the current Soviet Five-Year Plan, but because of the lack of modern and highly productive processes in the Soviet Union—indeed, in the whole of the Soviet bloc—the Russians have committed themselves to importing many billion dollars worth from the West.

Other possible areas of leverage include industrial process control, road transport technology, communications equipment, and even such humble things as thermostats, all of which serve the Russians' current need for greater efficiency and fuel-saving.

THE SOVIET UNION will turn to Siemens, the West German electronics manufacturer, for a sophisticated computer now that President Carter has blocked the sale of a U.S. model, according to the newspaper Die Welt. In the U.S., meanwhile, Mr. Bob Bergland, Agriculture Secretary, told farmers there would be no curbs on grain exports to the Russians.

However, such is the complex interplay of modern day commerce that Mr. Carter cannot impose embargoes in any of these areas without risking damage to the U.S. economy, and, even in the case of oil, to broader interests since any curtailment of Soviet oil production could transform the Soviet bloc from a net oil exporter to an importer, with obvious consequences for the world oil market.

The Department of Commerce, which has vigorously opposed the idea of trade embargoes on the Soviet Union, has calculated that U.S. sales of oil technology to the Russians amounted to $540m over the last 18 months and stand to reach a further $1bn in the next two or three years.

The loss of this business would not bring the U.S. economy to its knees. But the Department argues that it would be a futile gesture since other hard-pressed Western countries would be glad to pick up the business themselves.

The U.S. may produce the best drill bits and submersible pumps in the world, but it does not have a monopoly on these products. And if the Russians are content to buy less than top notch equipment, there is nothing to stop them procuring it elsewhere.

The situation with computers is a little more complex since the U.S. lead in this field is such that it has control over much of the technology and components used by manufacturers in other Western countries, particularly in the powerful computers which the Russians are after. The cancellation of the Sperry Univac deal could therefore prove to be Mr. Carter's most damaging action so far.

As with the outcry that comes from the Mid-West every time it is suggested that the U.S. halt grain shipments to the Soviet Union (an idea which has never been seriously pursued, incidentally) the Department of Commerce is obviously speaking for the business community which is more concerned with profits than slapping down the Russians for their handling of dissidents.

However, the furore over dissident trials puts U.S. companies in a tricky position. They want Soviet orders. On the other hand they are acutely conscious of their public image and the opinions of their shareholders. This prevents many of them from taking a public stand against Mr. Carter's decision for fear of being branded as anti-human rights.

The Russians' arrest of Mr. Jay Crawford, the Moscow representative of International Harvester, on currency manipulation charges, has also removed some of the business community's sympathy for the Soviet Union.

However, it appears to be the general view here, and certainly the view among the well-informed, that Mr. Carter's present stand cannot last long, and will probably be reversed when the row over the trials dies down. The implications of what he is trying to do are too complex and potentially damaging to be worthwhile in the long run. Furthermore, it has already been demonstrated that similar actions in the past—notably the famous Jackson amendment withholding favourable trade treatment for the Soviet Union so long as it restricts emigration, have not been very effective in budging the Russians.

French steel wage pact agreed

BY DAVID CURRY

PARIS, July 20.

THE CHANCES of the present round of French wage negotiations passing off without serious industrial trouble have increased significantly since the signature yesterday of a pace-making outline accord in the vital private sector metallurgical industry, which includes steel.

The agreement has been signed between the federation of metal and mining industries employers and all the main unions—militant as well as moderate.

The signature of the Communist-led CGT, alongside that of the Socialist CFDT and the middle-of-the-road Force Ouvrière, is seen by the Government as a useful point gained in its policy of trying to relax the post-electoral atmosphere.

It is important for other reasons. For one thing, it covers 2.6m workers, and with its signature almost a third of the workers in the private sector have either settled their wage claims or have established a framework for such a settlement.

In addition, the accord is based on the idea of a minimum annual income for a basic 40-hour week.

The employers, as well as the Government, have been trying to introduce the principle of minimum income per year for each industrial sector, the amount to depend on the economic health of the sector in question, to relieve the obsession with the national minimum wage.

Finally, the metallurgical agreement foresees regular meetings between the two sides to monitor the course of negotiations and implementation of agreements in the various sub-sectors of the industry, and also opens the door to discussions on improving the career structure and conditions of work of manual workers.

The employers have not got it all their own way. They would have preferred to base the agreement on the idea of a working year, rather than that of a working week, in order to introduce more flexibility into manning schedules.

The unions have also managed to keep certain overtime and bonus payments outside the framework of the agreement, and to have the minimum income guaranteed in case of accident at work and maternity.

The framework agreement now signed will be passed down the line to the 94 employers' federations in the various sub-sectors, at which level actual negotiations on cash will take place. These will begin after the summer holidays.

There have now been some 32 agreements on wages signed in the private sector since the election four months ago, and the Government now seems confident that the unions are ready to respect the basic outlines of its economic policy, provided compromise is possible at the practical level.

The signs are all the more optimistic because earlier this month the unions representing 4m civil servants agreed to a wages settlement in broad conformity with the incomes restraint policy of the Government of M. Raymond Barre.

The CGT and CFDT refused to sign this agreement, but, as in the past, are likely to accept it in practice.

With the various strikes of last month, notably at Renault, the Naval Arsenal and Moulinex, running into the sands of the summer holidays and having provoked little sympathy action, employers are hoping that the "hot autumn" forecast by some commentators may fail to materialise.

Credit line opened to Portugal

By Our Own Correspondent

LISBON, July 20.

A SPECIAL line of credits worth $100m to aid Portuguese economic recovery is to be opened by France, French officials said today.

The officials, accompanying President Valery Giscard d'Estaing on his three-day state visit here, said that Portugal had responded positively to the French offer, and details would be finalised by the Finance Ministers of the two countries.

The bilateral arrangements will include bank-to-bank credit facilities of $35m and soft bank credits worth another $65m on easy, but so far unspecified, terms. The latter will be to help Portugal buy industrial equipment from France.

M. Giscard's financial initiatives are not related to French participation in the $750m medium-term loan western sources to assist in reducing the Portugues balance of payments deficit.

During talks between French and Portuguese Ministers today, various fields of industrial co-operation were discussed. These included automobile manufacture, in which France has already announced a FFr 1m investment

EEC Commission divided on crisis cartels issue

BY GILES MERRITT

BRUSSELS, July 20.

AMID GROWING signs of a political split between its members, the 13-man European Commission has yet again put back the date for its decision on the controversial issue of industrial "crisis cartels."

The question of whether or not the Brussels Commissioners will exempt the 11 major synthetic fibre producers in the EEC from the competition laws that render their two-month-old cartel illegal was to have been decided at this week's regular session of the Commission. But in a terse statement it was announced today that the matter has been postponed until July 26.

The indications are that a compromise formula is now being sought to break the deadlock inside the Commission. Over and above the thorny problem of accepting a cartel that cuts across the basic precepts of the Treaty of Rome there now appears to exist a potentially damaging political wrangle inside the Commission.

The synthetic fibre producers have been negotiating the cartel since early this year, in close consultation with Viscount Etienne Davignon, the Industry Commissioner, and the agreement was finally signed a few weeks ago.

The crisis cartel has for some time been the subject of uneasy discussion inside the Commission. The internal split largely concerns disagreement over the advisability of sanctioning a policy that would lead to overt restrictions on industrial competition inside the EEC. It also reflects a number of the Commissioner's own national interests, for their attitudes tend to mirror those of their own national governments.

The cartel arrangements aims to reduce output by an overall 900,000 tons by 1981, and thus cut losses that because of overcapacity have cost the European industry an estimated $2bn during the past three years.

Adrian Dicks writes from Bonn: The West German Government, whose attitude is seen in Brussels as crucial to the fate of the fibres agreement, is unlikely to make any new public statement on the matter before the commission itself has resolved its differences.

Senior German officials have never concealed their dislike of the agreement or their misgivings about letting the Commission exercise a free hand

Swiss money market expansion proposed

BY JOHN WICKS

ZURICH, July 20.

IN A MOVE to improve the techniques available for implementing monetary policy, the Swiss National Bank is investigating concrete measures for the expansion of the national money market.

The authorities foresee the creation of a primary and secondary market in negotiable short-term "accounts receivable" book entries in favour of the investor. They would probably have maturities of initially between one month and one year—with a minimum denomination of SwFr 500,000 each.

A system of this kind, in which trading will be on a discount basis, is preferred to the issue of short-term securities. These are said by the National Bank to be impracticable for fiscal reasons in the they would be subject to withholding and turnover tax.

The creation of new short-term facilities is intended to give the National Bank the possibility of controlling the monetary basis by domestic means. In past years, this control has been carried out almost wholly by National Bank intervention in the foreign-exchange market.

In addition, the central Government gains the advantage of being able to borrow on a short-term basis in the open market and, at some later date, itself invest surplus funds. The new system is also seen as improving the scope of investment for the private sector and promoting competition on the short-term money market.

The accounts receivable themselves will be in the form of a book asset without issue of a certificate. It is not yet known exactly how these assets would be recorded, but it is possible they would be entered into a federal debt register.

A final decision has not yet been taken on the extent to which earnings will take the form of interest or of capital gain on the difference between the issue price and the par redemption price. It is considered likely that some interest would be paid. However, the account might be initially sold at a price other than par (or face value) with repayment at par. The price of an account unit is likely to vary on the secondary market, since the assets would be freely negotiable during their lifetime.

The fact that the National Bank points to "promoting competition on the short-term money market" indicates that the accounts could be used as an alternative to bank deposits giving the National Bank the power indirectly to influence commercial bank deposit rates.

Depending on the state of the market, there could theoretically even be a negative interest rate involved: parallels could be found in the Euro-Swiss franc market.

The element of competition and opportunities to earn through the initial discounting of the asset would make the investment form interesting to investors, it is believed.

National Bank vice-president Professor Dr. Leo Schuermann says the authorities will proceed "cautiously and pragmatically." At first, only the confederation and the National Bank itself would be considered as issuers. Based on initial experience, it would then be examined whether other categories of borrowers could tap the market. In this connection, cantons and towns would naturally be interested in the resultant flexibility of their exchequer policy.

There would be no limitation on who could buy the accounts receivable in question. Since they are not securities, the current ban on non-resident portfolio investments would not apply. However, foreign buyers would not be able to receive any interest payable and would be subject to the negative-interest rules on holdings. Prof. Schuermann says it is difficult to assess how interested foreigners might be: there might well be a "certain substitution of Swiss Franc deposits by these money-market accounts." Such substitution would be largely neutral as far as exchange rates were concerned.

The accounts receivable would not be subject to stamp duty, since they would be book credits of no longer than 12 months' maturity, and — when held by banks — would be freed from withholding tax. The 35 per cent withholding tax would apply on interest from the accounts receivable in the case of non-bank holders in Switzerland and all foreign investors, however.

In the introduction of the new money-market instrument, the National Bank is initially concentrating its attention on conversion of rescription accounts (a type of treasury bill) or redemption of federal bonds, with the accounts receivable acquired as a replacement.

The latest series of studies on building up a money market in Switzerland began in 1974, following the floating of the Swiss Franc, with the intention of giving the National Bank new open-market methods of controlling money supply. At present, there is hardly any real Swiss money market as such.

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OVERSEAS NEWS

Concession by Swapo lifts hopes on Namibia

By John Stewart

CAPETOWN, July 20.

PROSPECTS IMPROVED sharply today that the vexed question of Walvis Bay, the 600 square mile enclave in Namibia which belongs to South Africa, will not imperil the required ratification by the UN Security Council of the Western powers' settlement proposals for Namibia.

In a statement which political observers found encouraging, Mr. Mokganedi Tlhabanello, Swapo information and publicity chief, said in Windhoek today that the nationalist organisation regarded Walvis Bay as an integral part of Namibia, but accepted that the port could be re-integrated into the territory before or after independence. This view is less uncompromising than demands made by the Swapo leader Mr. Sam Nujoma.

Mr. Tlhabanello said Swapo and the West had accepted the fact that Walvis Bay was part and parcel of Namibia, to be reintegrated into the territory before or after independence.

He made it clear however that Swapo had accepted the same set of proposals as South Africa. Both sides understood that Walvis Bay was not part of the Western proposals.

Mr. Tlhabanello said there were still differences in the interpretation of the Western proposals by South Africa and Swapo.

The South African Government appeared to be under the impression that its troops would be replaced by South African police in the transitional period.

"They also seem to believe that the administrator-general will be in full control during that time," he said. "But, as we understand it, this is going to be a joint agreement and nothing will take effect if it is not approved by the United Nations special representative."

Our United Nations correspondent writes: Hopes for quick approval of the first phase of the UN involvement in Namibian transition to independence rose today as plans went ahead for a security council meeting on the matter next Tuesday or Wednesday.

The council is expected initially to authorise Dr. Kurt Waldheim, the UN Secretary-General, to name a special representative to travel immediately to Namibia to assess its military and administrative needs.

Dr. Waldheim told a news conference here last week that he had made contingency plans for a UN army of 5,000 officers and men, and a civilian administration of about 1,000 officials. But Namibia is about the size of France and Italy together. Some sources here said that more troops and officials might be needed than now estimated.

Australia to levy tax on Aborigines' mineral revenues

BY OUR OWN CORRESPONDENT

CANBERRA, July 20.

THE POTENTIAL wealth available to some Australian Aboriginal communities from royalties on uranium mining has attracted the attention of taxation authorities. The Australian Government announced today that it proposed to legislate to clarify the tax position of revenues received by Aboriginal groups from mining on Aboriginal land.

In the process of collecting tax on uranium royalties, the Government will scoop up revenue from royalties paid to Aborigines in the Northern Territory whose land is used for the mining of other minerals.

The Aboriginal trust funds which receive royalties from manganese mining on Groote Eylandt and from bauxite mining at Gove, for example, have not in the past been required to pay any tax. Today's Government announcement said that from July 1 next year revenues received by Aboriginal groups from mining operations anywhere in Australia would be taxed.

The tax at the rate of 32 per cent would apply to 20 per cent of gross revenues, and would be deducted before royalty payments were made to the Aboriginal organisations involved.

It is understood the taxation question arose during negotiations between the Northern Land Council, a statutory body representing Aborigines, and the Government, over royalties to be paid on uranium from the Ranger Mine in the Northern Territory.

The issue of royalties for the Aborigines is the last major obstacle delaying a start on development of the mine by the Ranger consortium. Government negotiators have offered a 4 per cent royalty, but the Northern Land Council has been arguing for 18 per cent.

Before the talks deadlocked two weeks ago, negotiators for the Aborigines took the view that the level of tax—if any—likely to be applied was crucial to the question of royalty payment levels.

The negotiations are due to resume next month, and the Ranger partners—Peko-EZ and the Australian Government—are anxious to get agreement so work can begin on the project site before the end of the dry season in November.

● Australia has signed its first bilateral nuclear safeguards agreement with Finland, incorporating all safeguard requirements, reports AP-DJ from Canberra.

UK may change position on 'tied' aid to India

BY DAVID HOUSEGO

THE British Government is considering financing more local cost expenditures not tied to the purchase of British goods in its aid programme to India, the Ministry of Overseas Development announced yesterday.

The disclosure seems to confirm that arrangements are being worked out with India under which funds set aside from the cancellation of India's outstanding official debt to Britain will be used to support more rural development projects in India which require virtually no foreign exchange.

The shift in the Government's position emerges in a paper released by the Miinstry in which it replies to criticisms of the British aid programme by a working party under Professor Richard Jolly, Director of the Institute of Development Studies.

The working party argued that the objectives of British aid policy of assisting the poor in the poorest countries could be better achieved by giving more emphasis to small-scale rural projects including a higher proportion of local costs.

In particular, it attacked the failure to finance more than a small amount of local costs in India as a "basic contradiction" in Britain's aid policy. India is the largest recipient of British aid and contains more poor people than the rest of Asia.

The ODM restates the Government's reservations on providing more local cost financing because of the strain on the balance of payments that would come from increasing amounts of untied aid. But it says that it is administering the programme flexibly. India, however, the ODM declares, is a special case because of the substantial funds involved.

Nonetheless, the statement that the problem of India is under "active consideration" marks a departure. Britain has been involved in discussions with India on the writing off of India's outstanding bilateral debt to Britain which involves repayments in principal and interest of £30-£40m a year. This is being linked with providing more local cost financing in the Indian aid programme.

Council on International Development Occasional Paper: Proposals for some possible new initiatives for British Aid—the Ministry of Overseas Development's reply.

Disputes flare up at Africa summit

By John Worrall

KHARTOUM, July 20.

DURING a stormy day at the OAU summit some of the most serious inter-African conflicts have erupted. Somalia made a verbal attack on Ethiopia, Chad assailed Libya and Kenya made a thinly-veiled attack on Somalia.

President Siad Barre of Somalia, who also referred to the "Cuban menace," spoke of the "expansionist ambitions" of Ethiopia and its "naked aggression." He accused Ethiopia of participation in the 19th century colonial scramble for Africa when, he claimed it had "secret agreements with the colonial powers." Although Colonel Mengistu Haile Mariam, the Ethiopian leader, is not at the summit, his delegation has asked for the right of reply.

President Siad Barre complained that the OAU, in spite of many appeals, had made no progress towards a solution of the problems of the Horn of Africa. He demanded that the organisation try to find a solution at this meeting.

The Kenyan Vice-President, Mr. Daniel Arap Moi, in a clear reference to Somalia, spoke of the persistence of "some member states" in claiming the territory of their neighbours on the strength of archaic and outmoded concepts of tribalism, racial or ethnic considerations."

He said that was a source of unnecessary tension and conflict. "We call on this assembly to condemn such expansionist policies," he added.

In an attack on Libya, President Felix Malloum of Chad accused Colonel Gaddafy of armed invasion, and spoke of "the diabolical regime in Tripoli."

President Neto of Angola referred to the invasion of his country by the regular army of Zaire after independence.

In a long counter attack against Somalia, the Ethiopian Foreign Minister, Colonel Felaki Gedla-Giorgis, accused President Barre of launching "an open war of aggression" against his country. Somalia had launched an "unprovoked and premeditated attack" on Ethiopia with troops, tanks and planes. war crimes were committed, thousands slaughtered and tens of thousands made homeless.

He asked what was the OAU was going to do about the conflict, hinting that it might not yet be over. The statement of President Barre amounted to a declaration of war against Ethiopia, he said.

He added that Somalia's expansionists aims threatened not only Ethiopia, but Djibouti and Kenya as well.

Exercising his right of reply to the earlier Chad accusations, the Libyan representative accused General Malloum of being an agent of French colonialism and of "mass genocide" against the Chad peeple.

THE MIDDLE EAST

Sadat insists on initiative by Israel before talks

BY ROGER MATTHEWS

CAIRO, July 20.

PRESIDENT Anwar Sadat confirmed tonight that Egypt would not participate in further Middle East peace negotiations until Israel had "produced new elements."

However, Mr. Sadat declined to characterise the talks at Leeds Castle in England this week between the Egyptian Foreign Minister, Mr. Mohammed Ibrahim Kamel, and Mr. Moshe Dayan, the Israeli Foreign Minister, as either a success or a failure.

Speaking at Cairo airport on his arrival from Khartoum, where he had attended the summit meeting of the Organisation of African Unity, the President said that he would wait until he had had an opportunity to talk to Mr. Kamel. "Israel has to produce new elements before any future meetings and I had given Mr. Kamel instructions accordingly," said the President.

Asked if he expected the U.S. to table its own peace proposals, Mr. Sadat replied "let us hope so, in the very near future."

Meanwhile Mr. Sadat recalled that he was still expecting to hold the meeting with Mr. Ezer Weizmann, the Israeli Defence Minister, which the two men recently agreed in Salzburg. "However, I do not know whether the Israeli cabinet will allow him to come to Alexandria," he said.

The final editions of today's Government-owned Press quoted Mr. Mohammed Ibrahim Kamel, the Foreign Minister, as saying in London that Egypt would only participate in fresh talks if Israel submitted proposals related to a withdrawal from occupied Arab territories and the recognition of the rights of the Palestinian people.

Mr. Kamel's denial that agreement had been reached on a venue or date for a further meeting with Israel was repeated during the day by Cairo Radio. This conflicted with early editions of the Cairo newspapers which reported Mr. Kamel as saying that Egypt had agreed to resume contacts because Israel was willing to reconsider previously rejected ideas.

The discrepancy can be explained by a telephone conversation Mr. Kamel is understood to have had with President Anwar Sadat when he returned to London last evening from the talks with Mr. Moshe Dayan, Israel's Foreign Minister, and Mr. Cyrus Vance, the U.S. Secretary of State, at Leeds Castle in Kent.

In a speech to the Organisation of African Unity summit in Khartoum yesterday, Mr. Sadat stressed that the Leeds Castle talks provided Israel with an opportunity "to prove its good will for peace in the region" and he accused Israel of "clinging on to the ghosts of the past, dreaming of expansion, and still giving priority to appropriation of others' lands."

Mr. Sadat said at the beginning of this month that he had only agreed to the London talks because the invitation had been personally issued by Mr. Jimmy Carter, the U.S. President. Before the invitation the Egyptian leader had maintained that a resumption of negotiations would depend on a change in Israeli attitudes. It now appears that Mr. Sadat has reverted to that position, although his views will become clearer when he makes a major speech on Saturday to mark the 26th anniversary of the 1952 revolution.

However there is no suggestion yet that the Egyptian position will preclude the visits to the Middle East planned shortly by Mr. Alfred Atherton, the U.S. special envoy, or the subsequent trip by Mr. Vance, both of which are supposed to pave the way for a full-scale resumption of negotiations.

Richard Johns adds: For Israel, the biggest stumbling block in the way of a resumption of full-scale negotiations was Egypt's condition that it should make a prior commitment to withdraw from the West Bank and Gaza Strip, Mr. Dayan said yesterday afternoon as he left London.

Following his talks with Mr. Kamel at Leeds Castle, Mr. Dayan said, "this idea that there would be an agreement before negotiations is not at all agreeable." He said that he was in favour of continuing the talks, but would not say whether he was optimistic about their continuation.

Mr. Dayan emphasised one important area of agreement. This was that military government of the people of the occupied territories should end.

Editorial comment, Page 20

Hussein meeting with Peres 'vetoed'

By David Lennon

TEL AVIV, July 20.

A PROPOSED meeting between King Hussein of Jordan and Mr. Shimon Peres, chairman of the Israeli Labour Party, in London last week was vetoed by Mr. Menahem Begin the Israeli Prime Minister.

It is claimed here that the meeting had been sought by the Jordanian Monarch, but the Israeli Premier objected to it. This was inadvertently disclosed by Mr. Begin last night, and confirmed to the Financial Times this morning by a Labour Party official, who was with Mr. Peres in London.

King Hussein and Mr. Peres were in London last week and the meeting was apparently suggested by a third party. The Jordanian King agreed to the idea, the official claimed, but the Labour Party leader asked Mr. Begin's approval before giving his answer.

After asking for time to think about it, Mr. Begin informed Mr. Peres the following day that he was opposed to the meeting. Mr. Peres then sent his apologies to King Hussein.

There have been unconfirmed reports in the past of occasional meetings between King Hussein and Israeli leaders. But this is the first time that there has been any kind of confirmation of such contacts.

Outraged Labour Party members last night accused Mr. Begin of revealing State secrets by speaking about the London proposal.

Mr. Begin was overheard speaking about the aborted London meeting to Likud party colleagues in the Knesset last night. He was quoted as saying that he would not grant passports or visas for Labour Party members to go to Egypt or to Morocco. (Mr. Peres is believed to have visited Morocco secretly this week.)

Mrs. Golda Meir, the former Prime Minister, said that in the past week Mr. Begin did not appear to be fully in control of himself. Her remarks to a Labour Party leadership meeting were part of an unprecedented personal attack on the Prime Minister.

A number of speakers questioned Mr. Begin's stability and asked whether he would be able to continue to rule. They said the situation was grave and gave rise to fears about the fate of the country.

Jordan considers possible role

BY IHSAN HIJAZI

BEIRUT, July 20.

KING HUSSEIN of Jordan held talks in Damascus today with President Hafez Assad of Syria amid signs that he might consider joining Middle East negotiations if Israel agrees to the principle of returning the West Bank to Jordan.

The monarch was accompanied by Mr. Modar Badran, Jordanian Premier who is also Foreign Minister, and other officials, according to Damascus Radio.

Last week, a statement by the Ministry of Information in Amman welcomed the Egyptian proposals on the future of the West Bank and the Gaza Strip.

The proposals said that the West Bank must revert to administrative control by Jordan and the Gaza Strip to Egypt's custody for an interim period not exceeding five years. The West Bank was an integral part of the Hashemite Kingdom of Jordan and the Gaza Strip under Egyptian administration until their occupation in 1967.

It has now been disclosed that King Hussein expressed readiness to meet Mr. Shimon Peres, the Israeli opposition leader, but Mr. Menahem Begin, Israeli Premier, is reported to have opposed the proposed meeting.

The Egyptian plan presupposes a Jordanian role in Middle East negotiations. King Hussein, who had praised the courage of President Anwar Sadat of Egypt in visiting Israel in November, stayed clear of the talks, however, because Mr. Begin's offer of limited self-rule in the West Bank and Gaza left no room for any future role by Amman.

The monarch's generally positive attitude towards Mr. Sadat's initiative strained his relations with Damascus, which is violently opposed to the initiative. If Amman is seriously considering joining Mr. Sadat in negotiations with Israel, the development could lead to an all-out break between Syria and Jordan.

Amman is believed unlikely to join the negotiations until it is certain that the Israeli Government will consider the Egyptian proposals favourably.

King Hussein's talks in Damascus are linked with the decision by Egypt and Israel to continue their exchanges in two weeks' time when Mr. Cyrus Vance, U.S. Secretary of State, will be coming to the Middle East.

Tunisia trial of unionists

By Tanya Matthews

TUNIS, July 20.

THE TRIAL of 101 Tunisian trade unionists started yesterday in the industrial and tourist centre of Sousse. Of the accused, 59 have been on bail while the others have been in prison since the general strike and riots in Tunisia in January.

Most belonged to the executive bureau of regional trade unions. The prosecution charged 39 with inciting the population to armed rebellion, obstructing a public highway and keeping and distributing arms.

On Monday another 76 trade unionists will go on trial in Sfax, Tunisia's second largest city.

Natal police suspended over death

Three South African policemen have been suspended from duty pending the outcome of an official investigation into the death of a 22-year-old African carpenter, writes our correspondent in Capetown. The African claimed before he died that he had been assaulted by the policemen while in their custody at Hluhluwe in Northern Natal.

The African, Noglosi Cane, claimed police hung him by his wrists, beat him with whips and their fists, and finally hit him on the head with a brick.

Rhodesia by-election

Some 1,800 white voters go to the polls in the plush Highlands North constituency of Salisbury today in a by-election which will test white opinion on both the internal settlement and the Anglo-U.S. plan for an all-party conference, writes our Salisbury correspondent. The ruling Rhodesian Front is expected to hold the seat but with a reduced majority in a four-cornered contest.

Ghana economy

Ghana yesterday set up a national economic advisory committee headed by Dr. Joseph Abbey, economic planning commissioner, as part of an effort to restore order to the country's economy, Reuter reports from Accra. The committee will try to increase Ghana's export earnings, particularly from cocoa, diamond and timber.

Sino-Japanese talks

China and Japan reopen negotiations in Peking today on a peace and friendship treaty stalled by Soviet objections to a clause denouncing power politics, Reuter reports from Peking. Veteran Vice-Foreign Minister, Han Nien-lung will lead the Chinese side and Ambassador Shoji Sato the Japanese team at the talks which broke down three years ago.

Refugees barred

Chinese border guards have refused to allow hundreds of people of Chinese origin across a bridge from Vietnam, the Vietnam News Agency said yesterday, Reuter reports from Hong Kong. It said about 700 people with their belongings were crammed on a bridge on the border.

Ethiopia drought

The drought in Ethiopia has hit 1.2m people in the Wollo region and 300,000 more in Tigre province, according to the League of Red Cross Societies, Reuter reports from Geneva. The League said that in response to an appeal for help for the drought victims and people affected by a plague of locusts, supplies and cash worth $175,000 had been received.

AMERICAN NEWS

Bill to help buy quieter aircraft stalled on profits

BY JOHN WYLES

NEW YOK, July 20.

A BILL which would make up to $2.3bn available for re-equipping U.S. airlines with quieter aircraft has run into strong opposition in Congress, partly because of the large profits which the airlines are recording.

On the day after United Airlines reported that its second quarter profits had tripled, and TWA revealed earnings 71 per cent higher than those of last year, it emerged yesterday that the 15 members of the House Rules Committee could not agree the terms on which to pass the quiet aircraft Bill to the floor for full debate.

This prompted the sponsors of a companion Bill to reduce substanially the regulation of airline operations to ask for a postponment of a scheduled House debate. It is not clear when the Rules panel will again consider the two pieces of legislation, but one committee member has indicated that it might not be until mid-September.

Much of the opposition to help pay the federal government to finance the purchase of quieter aircraft has been organised by Representative Charles Vanik, a Democrat from Ohio. Yesterday, it seemed he had considerable support for an amendment to the Bill which would have unllified it effectively.

The airlines have argued that they cannot afford to purchase the new equipment needed to meet federal noise controls in the 1980s without federal help. The proposed Bill would take $2.3bn, of airline user taxes—now employed to build and maintain terminals, airports and other facilities—and pass the money on to carriers over the next five years.

Tax refunds and credits would be back-dated to January 24 which would, for example, give Eastern Airlines a credit of $200m towards its $778m purchase of the European Airbus.

Coal slurry pipeline plan killed

BY DAVID BUCHAN

WASHINGTON, July 20.

A PLAN to pipe coal from western producer states of the U.S to industrial users in the East was killed, at least for the rest of this Congressional session, when the House of Representatives yesterday voted down, by 246 votes to 161, the Coal Slurry Pipeline Bill.

The Bill was not an integral part of the Carter energy package, but had the President's support in pursuit of his aim to see coal production increased by two-thirds by 1985. More than half that increase would have had to come from the relatively undeveloped coalfields of states like Wyoming.

The Bill, whose defeat came as something of a surprise after it had won approval by both the House Interior and Public Works committees, was simply to enable the Interior Secretary to requisition land, if necessary, for building the pipeline. The pipeline would have carried a mixture of pulverised coal and water. However, the project was defeated by those who feared competition for the railways.

Proponents of the slurry pipeline maintained that the railways would still carry the bulk of coal from the West, perhaps as much as 95 per cent of it, but argued that alternative transport like the pipeline would provide the competition necessary to prevent the railway companies from abusing their present monopoly control of freight rates.

Meanwhile, figures which must provide Mr. Carter with some comfort were released yesterday by the American Petroleum Institute, showing that oil imports fell by 12.8 per cent, to an average of 7.9m barrels a day, in the first half of 1978 compared with the same period last year.

But the overall consumption of oil—President Carter's chief concern—has not decreased over the period, with the fall in imports being compensated by increased production from Alaska.

Business prepares for postal stoppage

By Our Own Correspondent

NEW YORK, July 20.

NEGOTIATIONS BETWEEN the U.S. Postal Service and its unions over pay were continuing late this evening. A failure to reach agreement by the deadline of midnight tonight could provoke a wave of unofficial stoppages.

Anticipating failure, many commercial organisations have plans to try to maintain their businesses without a full postal service. Management of the service has said that efforts would be made to continue first-class mail delveries with the help of postal supervisors and, possibly, troops.

Private delivery and freighting companies are looking for a windfall from a stoppage which, as the postmen were warned by letter today, would be against the law. Union leaders were upset about the letter sent by the Postmaster-General, and voted to break off talks if it were not withdrawn.

It was not withdrawn, but the talks were not halted. But it is thought that, if they fail, militants, particularly in the north-eastern states, will not work without a new contract in place of the one which expires at midnight.

The White House has been notably silent, in contrast to its attitude to the coal miners' strike in February when the President intervened and ultimately encouraged what is now seen as a highly inflationary settlement, if its trend is followed by other groups of workers. However, it is well known that the Administration wants the postal union to settle for first-year increases of no more than 5.5 per cent, although it is demanding 14 per cent.

Money supply fall leaves uncertainty

By Stewart Fleming

NEW YORK, July 20.

IN SPITE of the decline in the U.S. money supply, on both its narrow (M1) and broader (M2) definitions, in the latest banking week, the New York money and bond markets are uncertain about the likely direction of Federal Reserve monetary policy.

The markets have been unsettled this week because of fears that the Federal Reserve would tighten credit policy and put upward pressure on short-term interest rates, following the regular monthly meeting of its open market committee which sets monetary policy.

Since the meeting, however, the Fed has intervened in the market to add reserves, apparently to try to stop the key federal funds interest rate from rising above 8 per cent. Some analysts suggest that this intervention implies that the Fed is sticking to its 7¾ per cent target for the average weekly rate on Fed funds, at which it is assumed, the central bank has been aiming in recent weeks. But others suggest that it may have raised its target a fraction to 7⅞ per cent.

In any event, it is apparent that the Fed's money managers are having difficulty in maintaining the funds rate below 8 per cent. The latest report from the Fed indicates that, in the week ending July 12, prior to the open market committee meeting, Fed funds averaged 7.94 per cent—up from 7.72 per cent.

In the latest banking week, following the revised $4.2bn increase in M1 (currency plus chequing accounts) last week, the money supply on this narrow definition declined by $2bn.

Bolivia election annulled

BY HUGH O'SHAUGHNESSY

AMID MOUNTING outcry about the fraudulent handling of the Bolivian general election of July 9, the National Electoral College there on Wednesday night annulled the results and called for a new poll within 120 days.

Gen. Juan Pereda, the presidential candidate who received a great deal of support from the government of Gen. Hugo Banzer, and who has been claiming victory in the poll, was reported by Reuter in La Paz to have called for the elections to be declared void. The official count, which gave Gen. Pereda a majority, totalled nearly 50,000 votes more than the number of voters on the register.

Gen. Banzer announced that he intended to retire, as originally scheduled, on August 6. A junta of armed forces commanders was likely to take over the government then, military sources said, according to Reuter

The decision of the electoral college was made as the leading opposition presidential candidate, ex-president Hernán Siles Zuazo, started a hunger strike, in protest against electoral malpractice, in the papal nunciature in La Paz.

Until the annulment, the joint military command was claiming that the elections had been held in an atmosphere of freedom and impartiality. Sr. Siles was backed by the strong FSTMB miners' union, which was calling a strike for today. Violence had been expected, if the poll results were not cancelled.

It is likely that the decision to scrap the elections was in part decided by the critical attitude of the U.S.

NY insurance scheme becomes law

BY DAVID LASCELLES

NEW YORK, July 20.

GOVERNOR HUGH CAREY of New York today signed into law a Bill aimed at creating a Lloyd's-style insurance exchange in the city to attract more insurance business, particularly large risks and reinsurance.

At a ceremony attended by about 100 brokers and underwriters, Mr. Carey said he hoped the new legislation would bring an additional $313m worth of insurance business to the city each year—$113m of which was currently going to Lloyd's and other non-New York insurers.

Apart from trying to correct the U.S. balance of payments deficit on reinsurance, which reached $179m in 1976, the new law is designed to relax the tight insurance regulations which, it is claimed, have driven insurers out of the city.

Mr. Carey today also announced the appointment of a committee of six to draw up a charter for the exchange and lay down the details not covered by the Bill. This will include establishing the size of the reserve fund which will guarantee underwriters' positions.

News analysis Page 6

Gaffe over prescription ousts adviser

By Our Own Correspondent

WASHINGTON, July 20.

DR. PETER BOURNE, President Carter's British-born adviser on health and drug abuse, today resigned his post after admitting that he had prescribed a restricted sedative drug for a member of his staff, putting a non-existent patient's name on the prescription.

Dr. Bourne's resignation was accepted with regret, the White House Press secretary said, adding, that the White House would have no further comment, in view of the legal investigations taking place.

Dr. Bourne is a close friend of the President, a leading advocate of national health insurance, and apparently the first man to suggest to Mr. Carter, then Governor of Georgia, that he should run for the presidency. The story of the prescription surfaced in the Press here yesterday. Last night, Dr. Bourne went on leave of absence from his post, arguing that by making out the prescription in the name of a non-existent person to protect a member of his staff from possible publicity, he was not breaching the law or medical ethics.

U.S. COMPANY NEWS

R. J. Reynolds setback; W. R. Grace still optimistic: Rockwell earnings rise—Page 27

TELECOMMUNICATIONS IN BRAZIL

Problems with overseas connections

BY SUE BRANFORD, IN SAO PAULO

VISITING businessmen often marvel that, in sharp contrast with neighbouring Argentina, where long distance calls are frequently subject to eight-hour delays, Brazil's telephone system is rapid and efficient, particularly for international calls.

Yet the development of the sector has not been as smooth as the results might suggest. The recent zigzags in its progress reflect the external restraints imposed on Brazil's development by balance of payments difficulties. They also trace the internal conflicts as the country struggles to draw up "rules of the game" that adequately reward the contribution made by the multinational companies dominating the sector, while ensuring effective transfer of technology, Brazilian participation and ultimately, the take-over of the sector by Brazilian companies.

Grandiose plans were made in 1973 for expanding Brazil's telephone network from the then 2.5m lines to 8.1m lines by 1979. The project went well at first, with the order of over 1m new lines in 1974. However, with the worsening of the trade balance and the recrudescence of inflation, the Government put some of the blame on the telecommunications sector, which was eating up vast amounts of scarce resources and leading to imports of about $100m a year.

As part of a general cut in Government spending, the funds going to Telebrás, the state telephone holding company, were slashed in 1977 from the planned level of Cr$34bn (£1.2bn) to Cr$20bn (£710m). As a result, orders for new lines dropped to 275,000.

Telecommunications equipment manufacturers made vehement protests, claiming with considerable justification that they had been encouraged by false promises to greatly increase their productive capacity. Sr. Manuel da Costa Santos, president of the manufacturers' association, objected bitterly: "The Government has pulled the carpet from under our feet."

The cuts precipitated a crisis that the sector would eventually have had to face, for the market was too small for so many large manufacturers. Two of the six foreign manufacturers—Plessey and Philips—have since pulled out of telecommunications, moving into other areas. Three others—Standard Electric-ITT, Siemens and Nippon Electric Company (NEC)—have diversified activities. Only L. M. Ericsson remains exclusively dependent on telecommunications.

The recent zigzags in the progress of the sector reflect the restraints imposed by balance of payments difficulties

Nonetheless, despite the efforts to alleviate the problems, all the manufacturers faced great difficulties by the end of last year. Standard Electric, for instance, dismissed a quarter of its workforce, after a prolonged period of excessive idle capacity.

This year, prospects have brightened. Fearful of recreating the old problem of overcrowded lines, the Government finally authorised the Ministry of Communications at the end of May to contract foreign loans to complete its budget of Cr$42bn (£1.3bn). Orders for 380,000 lines will be placed this year, increasing to 450-500,000 next year. It now seems likely that Brazil will have 5.3m lines by the end of 1979, instead of the 8.1m planned.

Perhaps more important, the old project for setting up SPC (storage programme controlled) telephone exchanges to replace the crossbar system has finally got off the ground. The Government will shortly announce the winner of a £40m contract to supply 50,000 lines for an SPC exchange in São Paulo, with a letter of intent for a further 120,000. Ericsson was placed first in the bidding and final negotiations are now underway.

To increase its competitiveness, Ericsson made certain concessions. A few years ago, the most frequent demand by the Brazilian Government before authorising a project by a multinational company in a new area was majority participation by Brazilian groups in the share capital. While this still remains a condition, the emphasis has changed.

In May, the president of Telebrás, General José Alencastro e Silva, stated that even if a multinational company had only a small stake in the share capital, it could still control the venture if it alone had access to the technology. The General emphasised that at Brazil's present level of development, the Government's first priority must be to ensure real transfer of technology: "Once the Brazilian companies control the technology, they have the bargaining power to negotiate the question of equity with foreign companies. The Brazilianisation of the capital is a natural result of the Brazilianisation of the technology."

Another aspect of the Government's new policy is the growing emphasis on the "horizontalization" of production, with the creation of numerous, smaller Brazilian companies to supply parts and components. At present there is only one truly Brazilian company. Many components are still being imported. The Government intends to provide assistance to encourage the establishment of these companies during the next few years.

Ericsson's recent success has not dashed the hopes of the runners-up in the bidding. Both NEC and Standard Electric-ITT have formed joint ventures with Brazilian companies in which they have a minority stake.

But the new boom will be short-lived. Ericsson will not return to the era, 30 years ago, when it dominated the sector and, after an initial direct investment of $6.4m, was able to remit to Sweden each year almost this amount in profits, dividends and technical assistance. The golden period came to an abrupt end in 1975, with a net loss of $23m, followed by a loss of $13m the following year. The company pulled itself out of the crisis in 1977 and, with the new contract, short term prospects are good.

In the longer term, the picture is less rosy. Telebrás predict that the "spatial" type of SPC telephone exchange that Ericsson is providing will dominate the market for four or five years, to be replaced by the more modern "temporal" type. With assistance from NEC, Telebrás is developing its own technology for the temporal type in its research centre in Campinas, São Paulo state.

The president of Telebrás has made it clear that when the time comes for moving to the new system, the multinationals will be ousted, even if they offer a technologically superior solution. The General stated: "When Brazil possesses its own technology is an area, foreign companies will not even be considered."

In this way, if all goes as planned by the Government, the multinationals, which still control about 95 per cent of the telecommunications sector, will be gently phased out of the mainstream of the industry by the mid-1980s.

WORLD TRADE NEWS

UK urged to oppose EEC on textiles from Portugal

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE BRITISH Government is urged by the textile industry to oppose a package put forward by the EEC Commission covering textile imports from Portugal. The issue will be thrashed out at the EEC Council of Ministers meeting in Brussels next week.

The UK put a reserve on an earlier Commission proposal in May which granted significant concessions to the Portuguese and the latest proposal, which the Government is now under some pressure to accept, is an attempt to get round these objections.

In letters to Mr. Eric Varley and Mr. Edmund Dell, the Industry and Trade Secretaries, the British Textile Confederation is claiming however, that the Commission by its action is in danger of fundamentally undermining the Multi Fibre Arrangement bilateral agreements signed by the EEC at the end of last year.

It asserts too that there is now growing evidence that the Commission is trying to back track on assurances it gave last December over the implementation of the agreements.

The main point at issue is the Commission's decision to offer Portugal an increase of 450 tonnes in exports to the EEC of synthetic cloth. Though small in itself and a slight reduction on the increase originally proposed in May, the extra tonnage would never the less breach the ceiling on imports of this product laid down by the Council of Ministers last December.

Furthermore the BTC claims any concession granted to Portugal would be demanded by other importers including other Mediterranean associates such as Spain and Greece and low cost suppliers in the Far East.

The accumulative effect would be to undo much of the benefit which the EEC textile industry is expecting from the much tighter MFA bilaterals.

The industry is also expressing its strong dissatisfaction with the rest of the package drawn up by the Commission and intended to make the concession to Portugal more palatable. The Commission has promised some degree of automaticity in the operation of the trigger mechanism designed to ensure that quotas are brought into force when certain products covered by MFA bilaterals exceed levels laid down for them.

The UK industry's understanding—and apparently that of the Government too—has been that automaticity was already supposed to operate on a much fuller basis than is now proposed. As a result Mr. Dell and Mr. Varley are being urged to ensure that future Commission assurances about the operation of the trigger mechanism should be in the form of a secure and binding written document.

The other element in the Commission package is confirmation of the recent action to tighten the understanding on textile imports with Greece. Here again the BTC is pointing out the Commission's action only enforces part of what was thought to be the understanding reached in the case of Greece last December.

The Commission's proposals for Portugal have been drawn up partly in response to fears that without some concessions to Portuguese industry the country's economy and hence its democratic stability could be put at risk.

The textile industry is pointing out however that the latest Commission offer comes only a month after M. Davignon, the Commissioner for Industry, gave an assurance that the Community would comply with internal global ceilings as approved by the Council of Ministers last year. The two UK ministers are being pressed as a result to maintain Britain's reserve when the package is discussed.

S. Koreans for talks in Britain

By Lynton McLain, Industrial Staff

A DELEGATION of South Korean shipowners and shipbuilders is to visit Britain next month for talks with British shipping and manufacturing interests.

Korea is expanding its ports and its merchant shipping fleet, but the delegation is expected to study how the depressed British maritime interests are responding to the slump in shipping and shipbuilding in Britain and other parts of the world.

The delegation will be led by Mr. M. L. Moon, the deputy administrator of the Korea Maritime and Port Administration. There will also be a representative of the Hyundai Shipbuilding Company. Mr. Y. Kim will represent the Korean Shipowners Association. The party will arrive in Britain on August 26 for a week's visit.

Hovercraft for Canada

By Robert Gibbens

MONTREAL, July 20.

THE QUEBEC Government is interested in the possibility of using hovercraft on some crossings of the St. Lawrence, especially the busy Matane-Baie Comeau crossing 400 miles north-east of Montreal.

However, winter operations pose stiff technical problems. Small British-built hovercraft have been tested on the St. Lawrence as supply vessels between Montreal, Quebec City and isolated communities below Sept Iles, the iron ore mining port. Hovercraft have been also tried out in western and northern Canada for specific operations.

Officials have raised the possibility of Davie Shipbuilding Company building hovercraft under licence from Sedam-Bertin of France, but agree there are major technical problems such as ice formation and reduced traffic volume

Japan accuses SA of dumping

BY ROBERT WOOD

TOKYO, July 20.

JAPANESE ferrochromium producers are considering charging South African ferrochrome producers with dumping, a Japanese official said today. It would be the first time companies in the Japanese iron and steel industry have filed a dumping charge against a foreign producer.

Ferrochrome is a secondary raw material made from chromium ore and used in the production of stainless steel. Five Japanese chemical companies produce it for seven Japanese stainless steel makers, largely from South African ore. But five South African ferrochrome producers have more than doubled South Africa's domestic ferrochromium production facilities to 767,000 tons annual capacity over the last five years.

The South Africans have reportedly been selling ferrochrome to Japanese producers at Y120,000 to Y130,000 a ton, while Japanese domestic producers normally charge Y190,000 a ton. The Japanese industry, which used to be the world's most powerful, is now operating at only 40 per cent of its capacity of 635,000 tons a year.

U.S. and European officials are already investigating charges of dumping by the South African ferrochrome producers. The Japanese fear pressure on their industry will become even more intense if South African exports to the West were restricted.

A Japanese official stressed that possible action against the South Africans was still being discussed by the Japanese chemical companies, and the Government has not yet taken a position on the issue.

● South Africa had a R55.4m June trade surplus from imports of R557.9m, exports of R613.3m, customs and excise figures show. This compares with a May surplus of R75.4m from imports of R502.3m and exports of R577.7m, reports Reuter from Pretoria.

Call for farming imports

TOKYO, July 20.

JAPAN'S EXTERNAL Economic Affairs Minister Mr. Nobuhiko Ushiba has urged the Government to respond positively to U.S. demands for increased Japanese imports of farm products.

Mr. Ushiba said on his return from the Bonn Summit that this was the major issue on which the success of the so-called Tokyo Round of Multilateral Trade Negotiations hinged.

The U.S. has called on Japan to expand imports of farm products such as beef and oranges as a way of cutting Tokyo's massive trade surpluses with the rest of the world.

On Tuesday, the Government said Mr. Ushiba and Mr. Ichiro Nakagawa, the Agriculture Minister, would visit Washington in September for talks on farm products in connection with the MTN.

Mr. Nakagawa said later he wanted to resolve the issue during the Washington talks.

● The Japanese domestic airline, TOA, says it has dropped the Lockheed TriStar from its list of possible purchases for passenger services starting around 1982.

The airline says it is still evaluating the McDonnell Douglas DC-10 and the European A-300 Airbus and would buy five or six of one aircraft after making a decision by early next year.

● Hitachi and Toshiba have reached broad agreement with Peking's National Technical Import Corporation to export to China a colour television manufacturing factory worth Y30bn. Reuter

ASEA computer order for Iraq

By William Dullforce

STOCKHOLM, July 20.

ASEA, the Swedish heavy electrical engineering group, has won a $17.5m order from the Iraqi State electricity organisation for computer-based power-plant control systems. The order comprises the turnkey delivery of all the equipment and associated software for Iraq's 400kv supergrid control project.

The contract is for three of the SINDAC 4 systems, developed by ASEA, to supervise and control 75 power plants and sub-stations from regional dispatch centres in northern, central and southern Iraq.

Dutch debate Algerian gas site

BY CHARLES BATCHELOR

AMSTERDAM, July 20.

HOLLAND HAS less than four months to decide on where to site a gas terminal to take 4bn cubic metres of Algerian gas a year between 1984 and 2004. The Dutch Cabinet is discussing alternative sites—the Maasvlakte near Rotterdam or Eemshaven on the north-east coast of Groningen. A decision is not likely before the end of August, however, when all members of the cabinet have returned from holiday, a government spokesman said.

The Dutch must inform the Algerians by November 1 where the gas, which will be brought in tankers by sea, is to be delivered. The contract for the deliveries was signed in June 1977.

Gasunie, the national gas distribution company, is in favour of a site on the Maasvlakte for technical and economic reasons. An installation on the Maasvlakte would cost Fl 400-500m (about $180m to $225m) and would be near to the large industrial customers.

Rotterdam harbour is already well-equipped to take large vessels whereas Eemshaven would require dredging. It is also more than 200 km away from its main customers. Gasunie already has a peak-saving installation on the Maasvlakte which can supply local industry for up to three days.

Plans have also been put forward by Dutch construction companies to build either a seven kilometre pier costing around Fl 600m at which tankers could moor, or to build an island linked to the mainland by underwater pipelines for Fl 530m. Both projects would reduce the dangers of an explosion near a heavily populated area.

The longer route which tankers would have to take to Eemshaven might increase the danger of a collision or of a vessel running aground near the Waddenzee, an area of great natural value. The unions are in favour of Eemshaven to create employment in a depressed area.

M. East deals for Sweden

By Our Own Correspondent

STOCKHOLM, July 20.

BPA, the construction company owned by the Swedish trade unions, has just won two major orders from Arab countries. The larger, valued at SKr 750m ($164m), is for a dam and irrigation project in Western Algeria.

The other is a SKr 230m subcontracting contract from the West German-South Korean consortium of Philipp Holtzmann and Kuk Dong, which is carrying out a large civil engineering project in Saudi Arabia.

The Algerian order is the largest so far achieved by BPA, which has been especially active in the East Bloc countries. It concerns the building of a dam at Harezza and an irrigation network for a 430-acre farm development project in the Cheliff Valley.

Greeks baulk at increased whisky prices

By Our Own Correspondent

ATHENS, July 20.

WHISKY IMPORTS into Greece have been suspended pending discussions on a 10 per cent increase in the manufacturers' price for the product.

The matter was raised last Tuesday when Mr. Iain Sutherland, the British Ambassador, called on the Greek Minister of Commerce Mr. George Panayotopoulos.

The Minister told Mr. Sutherland that Greece was not prepared to import whisky under the new prices, introduced on April 1, since this would further complicate the Ministry of Commerce's task of keeping prices down generally.

A British Embassy spokesman said discussions were being held to see how the problem could be overcome. He said the Greek side was willing to resume whisky imports if the price increase was reduced.

One way the import of a certain product into Greece can be stopped temporarily, without contravening GATT regulations, is through the Chamber of Commerce, which has to verify that importers do not make inordinate profits. The Chamber usually investigates whether price increases are reasonable and this can sometimes take time.

The British Embassy spokesman said other countries were paying the increase.

In recent months, the Ministry of Commerce has been having a closer look at the trade balances between Greece and a number of countries. One of these has been Japan from which all imports have been temporarily suspended.

Turkey raises lorry fees

BY METIN MUNIR

ANKARA, July 20.

TURKEY HAS put up charges levied on international transit traffic.

The transit fees were raised by 50 per cent and the fuel differential charge by 70 per cent under a joint announcement published in today's official gazette by the Ministries of Communications and Finance.

The new charges will go into effect in 15 days, the announcement said.

A spokesman for the Ministry of Communications said the rises were a mere adaptation of the charges to the devaluations of the Turkish lira, and increases in petrol prices.

Nonetheless, the new prices are expected to be greeted with displeasure by the trucking companies and recipient countries, particularly Iran, as they will inevitably increase costs.

Last year over 70,000 TIR lorries entered Turkey, according to official statistics. Of these 40 per cent were destined for Iran, 23 per cent for Turkey, 22 per cent for Iraq and 15 per cent for Syria. Over 25 per cent of the lorries were Bulgarian and principally destined for Iran.

● The Iranian Government has granted the Turkish Central Bank a $150m credit to enable Turkey to buy 1m tons of crude oil and half a million tons of fuel oil, reports AP-DJ from Tehran.

An agreement was signed recently between the Iranian Minister of Economic Affairs and Finance Mr. Mohammed Yeganeh, and the visiting Turkish Minister of Foreign Trade, according to a brief official statement.

U.S. investment for France

By Our Own Correspondent

PARIS, July 20.

THE U.S. company Fleetguard, of Cookville, Tennessee, which claims to be the world's leading manufacture of filters for diesel lorries and other heavy vehicles, today announced that it was investing £5m in a plant at Quimper in Brittany.

The new factory which will employ 200 people recruited locally will be Fleetguard's first plant outside the U.S. It is due to become operational in 1980.

Fleetguard is the first non-French company for 15 years to settle in a region where unemployment is currently running at 7.5 per cent, well above the national average. It is a subsidiary of the Cummins Engine group of Indiana, one of the world's leading diesel engine manufactures, whose seven European factories are all in the UK.

When Fleetguard decided to follow its parent company into Europe, it preferred France, whose productivity record it considered to be much better than that of the UK.

Caribbean trade boosted

KINGSTON, Jamaica, July 20.

THE CARIBBEAN COMMUNITY (CARICOM), strained by an incipient trade war and political differences, appeared to have been given a boost after the Council of Ministers reported complete success in two days of talks here.

The council, CARICOM's main policy-making group, had not met for almost a year, during which Jamaica and Guyana disrupted regional trade by imposing stringent import controls and the community functioned without a secretary-general.

Council chairman George Mallet of St. Lucia told reporters after the meeting that the Ministers had successfully tackled many of the community's nagging problems and agreed on steps towards their solution.

The council had acted to help facilitate movement of goods within the region, he said. There had been a willingness on the part of all countries to take whatever action they could to make sure that CARICOM could progress, he added.

Much of the sting was taken out of the conference early on when Jamaica announced that it was earmarking a further 30m Jamaican dollars (about $12.6m) for imports from the region during the second half of the year.
Reuter

French vehicle figures

Foreign car sales in France fell sharply in May to 18.67 per cent from 20.2 per cent in April and 25.42 per cent in May last year, according to figures from the car importers' association.

While total new registrations of imported cars showed relatively little change in May at 37,175, compared with 37,760 in the same month of 1977, the overall number of registrations in France rose substantially to 199,015 from 145,556 in the respective months, reports AP-DJ.

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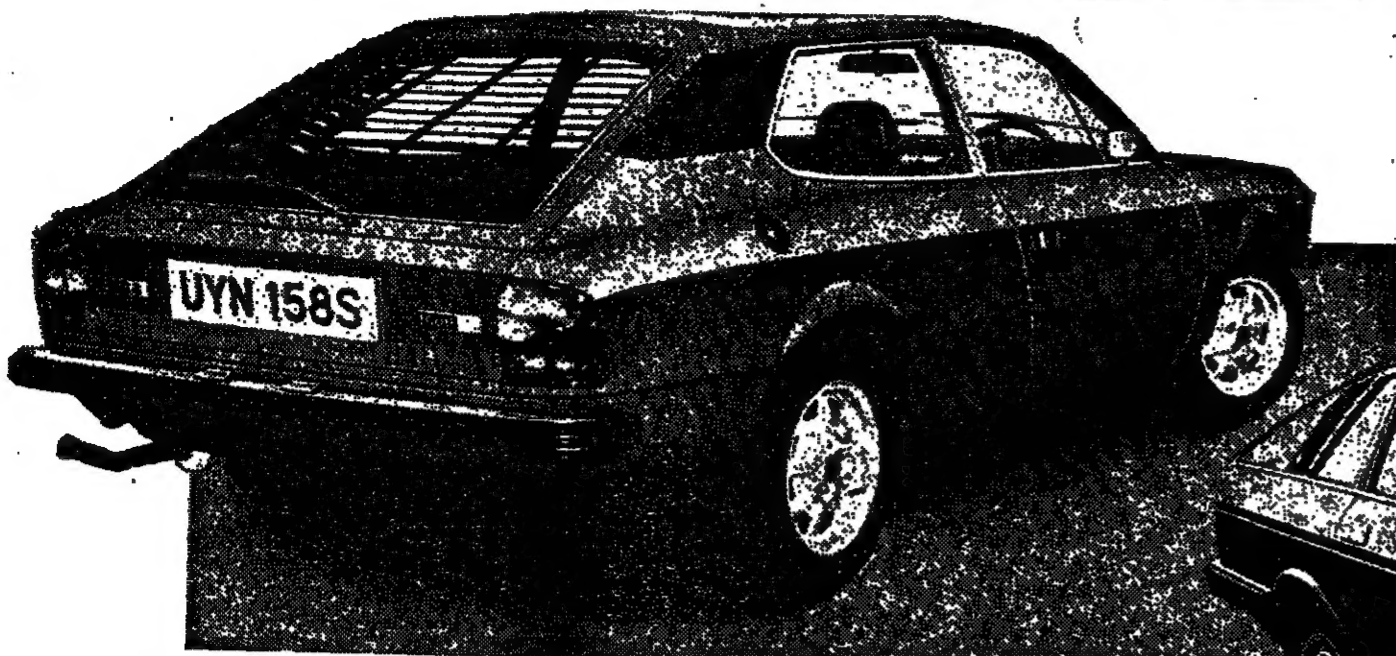


Lancia Beta (HPE) High Performance Estate. 1600, 2000cc.
Prices*: £5,276.70, £5,709.60.

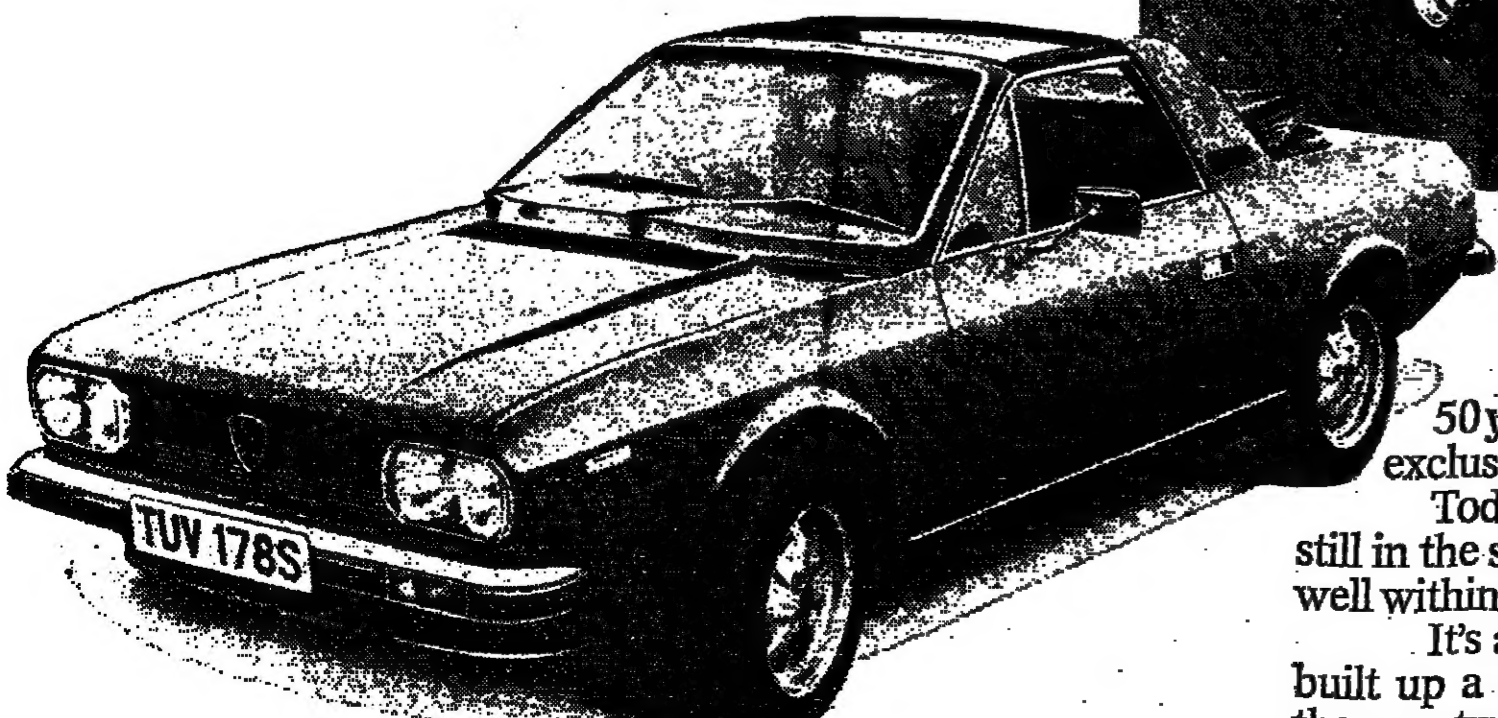
Lancia Gamma Berlina. 2500cc.
Price: £7,135.83.*

Lancia Gamma Gran Turismo. 2500cc.
Price: £9,185.67.*

Lancia Beta Saloon. 1300, 1600, 2000cc, 2000ES.
Prices*: £3,457.35, £4,015.44, £4,284.54, £4,680.00.

Lancia Beta Coupé. 1300, 1600, 2000cc.
Prices*: £3,948.75, £4,594.59, £5,028.66.

Lancia Beta Monte Carlo. 2000cc.
Price: £5,927.22.*



Lancia Beta Spyder. 2000cc.
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UK worried over currency plan

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MAJOR DIFFERENCES of opinion are emerging about the extent to which Franco-German plans for currency stabilisation will undermine existing ways of adjusting current account imbalances between surplus and deficit countries.

Senior British officials are *particularly concerned about* whether surveillance by the International Monetary Fund might effectively be replaced by conditions imposed from the Continent, which could be tighter. This might happen if countries drew on the common currency fund of the EEC nations, now under consideration.

These doubts have been reinforced by the fact, now confirmed, that Mr. Christopher MacMahon, an executive director of the Bank of England, was *ruled out as a possible* managing director of the IMF as a result of the opposition of, in *particular*, West Germany.

It is understood from officials on both sides of the Atlantic that the prevailing view was that the post should not be filled by someone from a country which *has* been a regular borrower from the IMF. Instead, M. Jacques de Larosiere from *France* was appointed.

This view might not, however, have been an overriding factor if the UK candidate had been *a senior* politician, such as Mr. Denis Healey, the Chancellor, rather than a senior official.

This *move* has been seen in London as broadly indicative of the West German approach and especially the reluctance to reduce Germany's own current account surplus *in* a symmetrical adjustment with the elimination of the deficit of the UK and other countries.

This is one of the main reservations of some Treasury officials about supporting the Franco-German currency plan as presented at the Bremen meeting of EEC heads of Government a fortnight ago.

The Carter Administration is concerned about whether any EEC plan might operate a different set of rules and conditions from *those* in the rest of the world.

U.S. officials have queried *whether the EEC plan will mean* that deficit countries will be given a means of avoiding the *conditions and disciplines* now associated with borrowing from the IMF.

They also want to know what degree of conditionality will apply to drawings from the EEC pool of reserves and who will determine the consequent adjustment programmes.

In contrast to these questions, the campaign in support of the Bremen plan was maintained yesterday by Mr. Roy Jenkins, the President of the EEC Commission, *in a speech at the* University of Essex.

Tate & Lyle speeds up sugar plant closure

BY RHYS DAVID, NORTHERN CORRESPONDENT

TATE AND LYLE is to bring forward *plans* for the further rationalisation of its sugar operations because of world *surplus and refining* over-capacity in the UK.

The company, which last month reported profits in the first half down from £25m to £11m after only breaking even on sugar refining, is to shut its Sankey works in Newton-le-Willows and will advance plans to reduce refining capacity at *Liverpool* from 550,000 tonnes to 300,000 tonnes.

This was to have taken place by September next year but now will be put in hand immediately.

A *total* of 262 people will lose their jobs at Sankey when the closure takes place later this year and there will be redundancies in Liverpool. The company said yesterday that the total number of jobs lost would remain the same as under its earlier plans.

The company's rationalisation was made necessary originally by the UK's switch, since EEC entry, from cane to beet sugar *which is to be supplied in greater* quantities to the British market by the British Sugar Corporation.

This year has seen a big surge in imports of EEC sugar at low prices because of the *current* world surplus. With home demand remaining depressed at an *estimated 2.4m tonnes* this year, imports—mainly for industrial users—are expected to rise *to 230,000 tonnes*, against earlier predictions of 150,000 tonnes.

Plan reversed

In addition, because of the world sugar surplus, Tate and Lyle has found it difficult to find profitable export markets.

The *decision to close the* Sankey plant—acquired when Tate and Lyle took over Manbre Sugars *two years ago*—is a reversal of the plan outlined by the company in a document last year. Under this, melting ceased at Newton-le-Willows last year with the loss of 100 jobs but liquid sugar operations at Tate and Lyle's Merton Grove plant, Liverpool, were to be *transferred* to the site.

Under the revised plan, Merton Grove will stay open instead. Concentration of the remaining Sankey activities at Merton Grove and the main *Love Lane* plant, Liverpool, is expected to produce annual savings of £400,000 and capital savings of £500,000.

Tate and Lyle, which has placed *its revised proposals* before the unions for examination, said yesterday that it hoped *many of the job losses* would be achieved through natural wastage, early retirement and *voluntary severance*.

Mr. Frank Thomlinson, chief executive of refineries, hoped that *bringing capacity quickly* into line with demand would create a structure in which *employees again could* look forward to security.

"Our customers will not suffer as *nationally we still* have more than enough capacity to service their needs."

Ryder and Park are recalled in surprise move at 'letter' trial

THE DEFENCE *asked for* Lord Ryder, former chairman of the National Enterprise Board, to be *recalled to give* evidence in a surprise development in the "Ryder Letter" trial at the Old Bailey yesterday.

Mr. William Howard, QC, defence counsel, also asked for Mr. Alex Park, *former chief* executive of British Leyland, to be recalled and for many documents to be produced.

Mr. Howard said he had come to the conclusion that it was *essential to present the defence* properly, that he prove the truth of reports compiled by his client *alleging that a "slush fund"* for bribes was operated by Leyland.

Mr. Howard is defending a *former British Leyland financial* executive, Mr. Graham Barton, who, with his wife, Fatima, 32, both of Lincroft Gardens, Hounslow, Middlesex, denies five charges *concerning forging of* copies of two letters to Leyland, one from Lord Ryder, one from the Bank of England, and using the forgeries to obtain £15,000 for the story from *the Daily Mail*.

Mrs. Barton is not charged in relation to the Bank of England *letter*.

Mr. Henry Pownall, prosecuting, *has* told the jury that after being instructed to compile reports on commissions paid by British Leyland, Barton became upset by corruption he considered was going on in the publicly financed company.

Lord Ryder has told the jury that no bribes were paid by British Leyland.

Contracts call

Among the documents Mr. Howard requested was the report of the investigation Lord Ryder was instructed to *make by the* Government after the Daily Mail story appeared.

Mr. Howard said he also wanted all documents in the possession of British Leyland *relating* to the allegations of corruption in Mr. Barton's reports.

He especially wanted contracts to which alleged payments related; *contracts with* "beneficiaries"; any documents supporting any payments of whatever nature alleged in Mr. Barton's reports; correspondence relating to such payments between British Leyland and the National Enterprise Board, the Bank *of England* or any other bank in Britain or abroad, especially Switzerland; any *memoranda* on any alleged payments, especially in relation to two countries whose names he would supply to the prosecution; any report or memorandum on commission-agent payments.

Judge Alan King-Hamilton, QC, *said*: "*It is rather like an* application for discovering a civil action. How long is it going *to take to procure all this?*"

Mr. Pownall: "I have heard what my learned friend says and I will do my best to comply with it. Whether I shall be able to comply with it, I don't at this moment know.

"Obviously, witnesses will have to be contacted to discover whether they do have what is being asked for, and if they have not, where they can be found, and if they can be found."

The judge said he did not intend to *adjourn the trial* indefinitely. It might be that the estimates of the length of the trial, two working weeks, would have to be revised.

Mr. Howard said: "I should accept responsibility. I think I allowed my concern for the *public interest to perhaps* override my duty to my client."

The judge: "I am not sure that you did."

He had taken the view that it was *not relevant to the trial* whether British Leyland had paid bribes. "Whether or not I *should take that view or not* when I see these documents is another matter," he said.

The trial was adjourned until Monday.

EEC aid for energy savings

THE EUROPEAN COMMISSION plans to give financial support to companies which introduce new energy-saving techniques.

The Commission says it will generally be willing to pay *between 25 per cent* and 49 per cent of the cost of an approved energy-saving project, though the money will be repayable under certain conditions. The aim of the scheme is to boost development of new energy-saving methods and encourage new applications of existing techniques and processes.

Full details of the scheme, open to all organisations in the European Economic Community, are given in a regulation published in *the latest* edition of the Official Journal of the European Communities.

Navy training centre Ganges to be sold

BY CHRISTINE MOIR

GANGES, the Navy's training *establishment* at Shotley on the Suffolk coast, is to be sold by tender in December. The 150-*acre village, which has been in* use since the Napoleonic wars, was closed in 1976.

It had been used as a training centre for boy sailors but, with the raising of the school leaving age in the *early* 1970s, recruits have entered ship service more rapidly.

The problem faced by the Property Services *Agency*—which handles all surplus land and buildings for Government departments—*is how to dispose of it*.

Local authorities are insisting that the site be kept as a whole *and the main* 18th cenury buildings retained. One of the features of the site is the 143 ft mast put up in 1907 which is under a preservation order.

Property column, Page 30

London set for 11.5m tourists

BY JAMES McDONALD

BY 1985 the London Tourist Board is forecasting that there *will be 11.5m overseas* visitors to London — over 50 per cent more than last year.

"These figures do not include the important contribution to *London's tourist industry* provided by the 11m or so domestic visitors and the still more substantial *number of day* excursionists, those who come to shop in London for the day from places ranging *from* Aylesbury to Axminster to Antwerp," writes Mr. Rodney Scrase, director of tourism, in the *annual* report.

The board— supported by the Greater London Council and the *English Tourist Board — yesterday* published a "strategy" document. "The trend now in *evidence means* that London will have to compete more and more with other European and British cities and with British resorts."

This would mean marketing *and promotion of London*'s total "entertainment complex."

● NEWS ANALYSIS — THE NEW U.S. REINSURANCE EXCHANGE

Lloyd's hides its worries

BY JOHN MOORE

MR. IAN FINDLAY, chairman of Lloyd's, welcomes the new U.S. exchange as "a valuable contribution to world insurance capacity."

LLOYD'S OF *LONDON* yesterday was quick to welcome the formal signing of the Bill setting up the New York *reinsurance* exchange. As each stage of the legislation has moved closer to finalising *the establishment of* the exchange, to be closely modelled on Lloyd's, so Lloyd's has been *choosing its words* with infinite care.

It had earlier dismissed one of the main *reasons advanced* in the U.S. for the creation of an exchange—that it would create *more jobs—as an insufficient* reason for starting up a Lloyd's-style operation. Yesterday it welcomed the *development* of the new market. Lloyd's chairman, Mr. Ian Findlay, said: "It will make a valuable contribution to world insurance capacity."

But although Lloyd's is acknowledging that it could have a very real competitor in the *near future it* remains unperturbed. The statistics themselves lend support to Lloyd's outward calm. *In its first year* of operation the reinsurance exchange *will* probably be able to handle around $200m worth of premium, compared with Lloyd's *$4bn*.

American premium is expected to grow at the rate of $10bn per annum over the next year or so, which means that the New *York reinsurance exchange will* be initially biting into around 2 per cent of that increase.

So when Lloyd's says "We can take this in our stride" its confidence is largely justified.

However the emergence of any new capacity during the *present market conditions* is worrying for there is already a worldwide surplus in most *classes of business*. Business volumes have not kept pace with the growth of available insurance *markets* and *premium rates* have been slashed.

In many classes of insurance *there is much unsound* or unprofitable underwriting taking place to secure whatever business *is available*. As any further new capacity becomes available premium rates come under *increased pressure*.

Speculation is mounting as to what effect the New York reinsurance exchange will have on premium rates. For, as runs one argument, to become established in the market *the* exchange will obviously be under some pressure itself to offer competitive *terms in many* classes of business, particularly in the marine and aviation business.

However, in the non-marine classes of business, such as liability insurance, there is more scope for the exchange gaining a foothold. Professional indemnity and *product* liability insurance is unpopular in many markets because of the daunting claims experience and lengthy litigation which is often involved.

"You cannot seem to win at whatever rates are charged," said *one Lloyd's man*.

Medical insurance is also another area where there is a shortage of capacity and perhaps the exchange could exploit this market successfully. But to offset the violent swings in the fortunes of different types of insurance a spread of business will have to be provided for the underwriting names *if they are* to show a profit.

It is not easy to provide that spread. Even Lloyd's is finding it hard to produce a profitable portfolio of business for its names and is *talking* in terms of controlling its membership.

Moreover some reinsurance companies *in America* have expressed disquiet about the possibility of a reinsurance exchange *gaining a competitive* edge over themselves.

Lloyd's, of course, retains one unique competitive clout: that *of* unlimited liability. Whereas individual members of Lloyd's *are liable down to their last shirt* button, the New York exchange admits the possibility of corporate *membership* with members having limited liability but backed by a guarantee fund financed from a percentage of premiums earned. Lloyd's own approach has been tried and trusted over a few hundred years, whereas the Americans *have yet to be proved*.

After all, Lloyd's feels safe in the knowledge that years of experience and proven ability are not acquired overnight. So *far its only immediate fear is* that in order to acquire a veneer of Lloyd's the New York exchange might seek to poach some of Lloyd's own top underwriters.

The exchange will emerge as an important market in the *future, providing vital capacity* for risks which are constantly rising in value. For the moment the move has made Lloyd's a little less inward looking and complacent.

Scottish jobs lost in 'chipboard crisis'

BY JAMES McDONALD

SEVENTY-FOUR *workers out of* 180 at Scotboard, a chipboard plant at Irvine, Strathclyde, will lose their jobs *next* month. This is because of the crisis facing the UK industry, the British Wood Chipboard Manufacturers Association said yesterday.

After talks between Scotboard's management, shop stewards and Mr. Bill Aitken, *of the Amalgamated Union of* Engineering Workers, it was agreed that the workers should become redundant on August 22. Irvine has a 14 per cent unemployment rate.

The association said that the *position of the UK industry*—beset by what it regards as dumping by members of the EEC—particularly Belgium—and from Swedish and Spanish exporting mills—was considered to be "totally untenable, with UK sales falling to under 20 per *cent of production capacity* and imports at below cost prices, taking the lion's share of the *market*."

Management and unions had agreed that, unless there was an improvement in market demand, chipboard production would *have* to be reduced further, meaning more job losses.

Holiday flights face chaos

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LONG DELAYS to many European flights are likely to develop again at airports *throughout Britain this weekend*, starting today, as a result of a resumption of a work-to-rule in *support of a pay claim by some* French air traffic controllers.

Last week-end's problems, *involving* delays to many thousands of passengers of up to 24 hours or more, were caused by the *work-to-rule by Bordeaux* controllers, who permitted only four UK aircraft an hour each *way through their airspace*. Together with controllers in Aix-en-Provence, they will be doing the same again this weekend. They call it "flow control."

Earlier fears that the *controllers* in Paris and *Brest* would join their Bordeaux colleagues proved unfounded. But while *controllers in those centres* will not be working to rule, and will handle their normal quotas of *traffic*, they will not be accepting any additional traffic rerouted from the Bordeaux region.

The problem this weekend in the UK is that it is already set to be the busiest of the year—which probably means the busiest ever—in UK civil aviation, with some *3,000 flights* to and from all the UK airports together, carrying over 400,000 people.

Many of these will be holiday flights to Southern Europe and *the* Mediterranean and North Africa, but some will also be longer-distance *flights* to the Middle East. Flights to Northern Europe, and transatlantic operations, *will not be affected*.

The Civil Aviation Authority, the British Airports Authority and *the* airlines and tour organisers are all preparing to meet the problem with extra staff and catering facilities at airports.

But there is little they can do except advise passengers to carry on as normal to ensure that they are ready when the *air traffic control* "slot" for their particular flight comes up. They cannot guarantee that any delays will be short.

There is nonetheless considerable anger in the *UK civil aviation* community over the effects on innocent UK travellers—who pump *many millions of pounds* annually into Continental tourist countries—of these regular summer *air traffic* control disputes on the Continent.

Virtually every summer, around July and August, there is some kind of industrial dispute in air transport which disrupts the travel plans of many thousands of people.

The effects of the dispute this weekend will be felt at airports right through the Southern European *and Western Mediterranean* areas, where aircraft bringing in fresh *holiday-makers fail to* arrive on time, with resulting congestion at airports as home-*going tourists* cannot get out. The effects, with aircraft out of position, are felt for days afterwards.

Earlier this year the airlines and tour organisers got together to try to work *out* plans to ease this kind of problem, but so far no practical scheme appears to have emerged.

The airline industry and travel *trade are looking to the Government*, through the Department of Trade, to take the matter up directly with foreign governments in a bid to find a solution.

Personal savings rise £3.8bn in first quarter

BY DAVID FREUD

INDIVIDUAL savings rose sharply at the beginning of the year. *According to figures* released yesterday by the Central Statistical Office, savings in the *personal sector rose by £3.8bn* in the first three months of this year, compared with a £3.3bn *increase in the same period last* year.

The higher level of savings emerged in spite of a big rise in loans for house purchase. In the first quarter, these loans totalled £1.3bn, compared with £680m in the same three months of 1977. *The totals are not adjusted for* inflation.

Within the total savings there *was some movement of money* in the latest quarter out of building societies and into banks and National Savings. There was a rise in life assurance and pension funds and a continuing move out of company securities.

Savings directed into life assurance and superannuation funds rose £1.9bn in the first quarter, by 24 per cent more than the final quarter of 1977.

At the same time, individuals *net sales of shares* totalled £646m, up 16 per cent on the previous quarter.

The increase in building society deposits, which had mounted *strongly* through the last nine months of last year, fell in the first three months of this *year. At £1.4bn, the increase was* 27 per cent below the figure for the previous quarter.

Bank deposits increased by £376m, compared with £184m in the previous quarter and National Savings rose £660m, compared with £511m.

Horizon to run its own package tour airline

BY MICHAEL DONNE

HORIZON MIDLANDS, one of the U.K.'s major package holiday tour organisers, has joined the growing list of travel organisations planning to set up their own airlines.

The company *said yesterday* that it aimed at starting operations by 1980. The new airline's *chief executive will be* Mr. Bob Muckleston, who will be giving up his present post as an *assistant managing director of one* of the leading British independent airlines.

The other major tour organisers who have decided in recent weeks to set up their own *airline operations* are *Intasun*, owned by Leisure Securities, and Global Tours, a subsidiary *of Great Universal Stores. Each* has been discussing procurement of three Boeing 737 short-haul jets, seating about 130 passengers each.

The aim of these tour organisers *in* getting *into* aircraft ownership and operation stems from the shortage of seats in the U.K. market, which could become more acute in the immediate future as demand increases.

The idea is not new. The Thomson Travel group, for example, has owned Britannia *Airways for years, while British* Airways has its own British Airtours which flies many thousands *of BA's own Sovereign* and Enterprise holiday clients.

By owning and operating their *own aircraft, major* tour organisers can not only ease their seating problem, but also retain a *bigger share of their* clients' total holiday spending.

At present, out of the total package tour price, the *tour* organiser collects only a small amount, the bulk of the money going to the hotels, the airlines and the ground transport companies.

In some instances, the trend towards "*vertical integration*" has gone even *further*, and British Airways also owns or has shares in a growing number of *hotels in holiday centres in some* parts of the world. It is considered only a question of time before some of the other tour organisers follow suit.

London docks audit for Minister today

BY PAUL TAYLOR

MR. WILLIAM RODGERS, Transport Secretary, is expected to be handed an independent audit on the *Port of London* Authority today by accountants Price Waterhouse. Next week *he will meet union representatives for final discussions on the future of the near-bankrupt* Upper Docks.

The Price Waterhouse audit *is not* expected to differ in any major respect with the *Authority's own financial* appraisal of the crisis facing the docks, but this will not lessen *its importance*.

Although initiated by the Department *of Transport*, the Authority is confident that the audit will justify the need for *the closure of at least the Royal* group of docks, as suggested in its submission to Mr. Rodgers, and will answer criticism by some MPs that it had exaggerated Upper Docks' losses.

Mr. Rodgers has also asked the eight docks unions to present *a coherent alternative* strategy for the Upper Docks based on proposals they have already made to him. However, the unions have not responded yet.

The Minister is expected to meet the unions next week and will be anxious to hear their final arguments *before reaching* a decision.

The Price Waterhouse audit *is the last major document* on which Mr. Rodgers will base that decision. He already has the Authority's "preferred solution" *and a joint PLA/union document* listing areas of agreement between the two sides.

Clearly if Mr. Rodgers is to be able to meet the wishes of *the Authority and take a final* decision on the future of the Upper Docks before Parliament rises, time is running out.

He is not expected to formu*late his own views before* meeting the unions next week and will then wish to consider any *proposals they may make before* consulting his colleagues, *probably* in the Cabinet's economic and industrial committee.

Welsh TV expected

NEXT WEEK'S *White Paper* on broadcasting is expected to give immediate go-ahead for a comprehensive Welsh language television service to be established *on the fourth channel*.

The Government's long-awaited proposals for the new *television channel should* provide for the immediate allocation of £8m to Wales, to permit the engineering work to start immediately.

Clothing and household textile sales new high

BY LYNTON McLAIN, INDUSTRIAL STAFF

CONSUMER SPENDING on clothing and household textiles *reached its highest recorded* level in the first quarter of 1978, Government figures showed yesterday.

This high demand for clothing helped raise prices of textile products at a greater rate than for all other manufactured goods for the first time in over a year.

*The demand for clothing main*tained the upward trend which started last summer. Demand *for household textiles showed* a substantial rise on the low levels of the previous quarter.

The recovery of output in the period was a result of the rise in man-made fibre porduction, up 28 per cent on the previous quarter. The only other sector to show a rise was cotton and *man-made weaving, where the* 2 per cent rise reversed the downward trend of 1977.

Carpet production *fell* 6 per cent and spinning and doubling reached their lowest levels for many years.

The index of prices for materials and fuels used by the textile and clothing industries *rose marginally to reverse* the decline since the end of 1976.

The 6 per cent rise in raw *cotton was a main contributor to* the rise in input costs.

The price of raw wool, which reached its lowest point in January, 23 per cent below the October, 1976, peak, rose by 10 per cent between January and June.

The textile and clothing industries have shed 6,000 employees since December, 1977, and 15,000 *since the same time last year*.

The Department of Industry said in the latest issue of Trade *and Industry that employment in* the clothing industry had continued to decline despite the improvement in output. Many companies had used their full entitlement of the temporary employment subsidy.

Drop in shoe deliveries

Footwear deliveries in the three months to end-April were 4 per cent lower, on a seasonally adjusted basis, than *in* the previous three months, according to Department of Industry *statistics*.

Net new orders during the three months were 37 per cent lower. At the end of April, orders in hand were 4 per cent *higher* than at the end of January this year.

SALEROOM

BY ANTONY THORNCROFT

Pastel portrait fetches £31,000

A PASTEL PORTRAIT by John Coley of Mrs. George Turner, produced about 1767, sold for £31,000 at Sotheby's yesterday to *the Leger Gallery. It was* an auction record for the artist, and easily the most important item in a *sale* of English drawings and watercolours which totalled £145,550.

Shrubsole, the London dealer, paid £20,000, plus the 10 per cent *buyer's premium, for a Charles II* toilet service, including a mirror, comb box, candlesticks and scent flasks. *It was made about* 1680 and took the top price in a silver auction totalling £141,689.

Partridge Fine Art, another London dealer, gave £7,200 for a pair of George III silver gilt *threelight candelabra* made by John Scofield in 1795. Twelve Paul Storr dinner plates sold *for* £5,200, and a similar set went *for* £4,800.

A Flemish oak draw leaf dining *table from the 17th century made* £3,000 at Christie's in a sale of English and Continental oak furniture which realised £67,439. It was bought by the London dealer Embden. In other lots de Grande, the Belgian dealer, paid £2,700 for a Dutch oak cabinet, and an anonymous buyer £1,850 *for an Italian walnut centre* table.

The first day of Stanely Gibbons' *two-day auction* of Great Britain stamps and postal history realised £41,887. Record prices were paid for Penny Blacks, including £2,300 (estimate £1,500) for an unused *example from Plate 1A* with large even margins. The same price was paid for a brilliant unused *black from Plate* 1B showing a re-entry.

Records for Romanee

BY EDMUND PENNING-ROWSELL

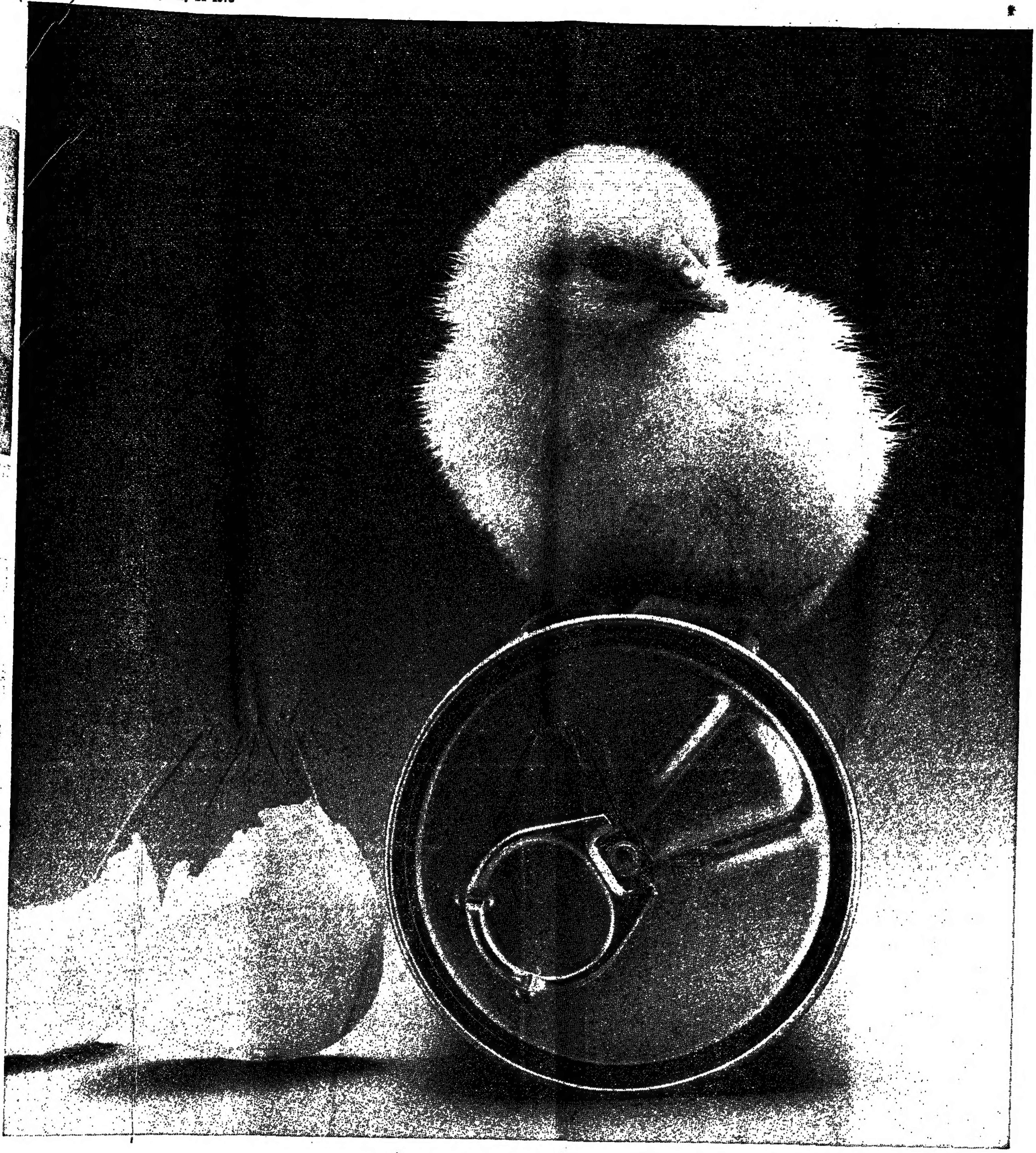
IN CHRISTIE's *last important* wine auction of a season in which fine wines have flowed plentifully through the London saleroom, thanks largely to foreign buyers — American, Australian and Continental—prices were very firm, with more *than one record notched up*.

For example, three bottles of Romanée Conti '52 reached £200, while dozen lots of Romanée Conti '61 and La Tâche '61 made £740 and £540 respectively; and six magnums of Romanée Conti '69 *fetched* £620.

A single bottle of the rare Pétrus '20 made a record £84, and two magnums of this château's '64 and '70 offered together went for £165.

Leading '61 clarets fetched high figures, with Lafite making *a record* £660 a dozen, *Mouton-Rothschild* securing £600, Latour and Ch. Margaux each going for £500 *a dozen, and* third-growth Palmer at £400, nearly equalling first-growth Haut-Brion at £420.

The sale total was £65,840.



Beginning today: the best news in aluminium packaging for years.

Today Alcoa inaugurates a £40m aluminium rolling mill at Swansea, South Wales. This new single purpose mill will produce high quality light-gauge aluminium sheet for use by can-makers for the production of aluminium ring-pull ends and the new generation of two-piece all-aluminium cans.

Consumers around the world have shown a marked preference for all-aluminium cans. The reasons: they are lightweight, easy-to-open, quick-chilling and recyclable. *Recycling requires only 5% of the energy used to make aluminium from ore, and conserves capital and raw materials.*

The new mill provides a reliable source of supply to the can-makers of Europe, the Middle East and Africa. It also provides significant benefits to South Wales and the U.K. It represents a major expansion of Alcoa's existing Swansea plant, which has been producing aluminium sheet and extrusions for 35 years. The new mill makes the 1,500 plant jobs even more secure.

Among the many other benefits of the new mill will be increased exports and a reduction in imports of aluminium. There will be more aluminium for a growing market, too. And the promise of more recycling and more economic muscle for the U.K.

Alcoa Manufacturing (GB) Ltd., Waunarlwydd Works, Swansea, South Wales.

Alcoa is the tradename and registered trademark of Aluminum Company of America.

For further information about aluminium recycling, write for our booklet, 'Aluminium cans make sense'.

Name____________________

Address____________________

Post to: Alcoa of Great Britain Limited, 197 Knightsbridge, London SW7.

The world's leading aluminium manufacturer.

ALCOA

Tighter curb on lead sought

By David Fishlock, Science Editor

TIGHTER CONTROLS to reduce the risks of lead poisoning in industry are the main aim of draft regulations being circulated by the Health and Safety Commission.

They include a proposal for a 20 per cent reduction in the permissible amount of lead in the bloodstream before a worker must be suspended from activities involving lead.

The proposals aim not only to cover anyone whose work may expose him to lead poisoning, but also to protect the public from such activities.

They would replace the requirements of the Factories Act of 1961 and its associated regulations for different activities involving lead or lead compounds.

As drafted, they require the employer—or self-employed person—to gauge the degree of exposure to lead, and to provide when necesary special protection against airborne lead to prevent the spread of lead contamination.

The accompanying code of practice calls for a lowering of the upper limit of lead in the blood from 100 micrograms per 100 millilitres of blood to 80 micrograms.

Control of lead at work. HMSO 50p.

Jobless total expected to fall slightly

BY DAVID FREUD

OFFICIALS expect the number out of work to fall slightly this year, in spite of the Treasury working assumption released on Wednesday that put total unemployment in 1978-79 at 1.7m, about 200,000 above the current figure.

The 1.7m figure, which was released to the Commons' Expenditure Committee in a private letter from the Chancellor, was drawn up last autumn and has been revised downwards since.

It was prepared to enable the Government to work out the possible level of public spending on social benefits over the 1978-79 fiscal year.

The total is also swelled because it includes adult students and the temporarily stopped, who are not included in the Department of Employment monthly statistics. The current number that would be added to the unadjusted unemployment figure on this basis would be 122,000.

The autumn working assumption was closely mirrored by the Government Actuary's report of last December, which put the total unemployed figure at 1.65m. In May this figure was revised downward to 1.55m.

Effectively the Government's new assumption on unemployment this financial year corresponds to the Government Actuary's. When his latest projection is reconciled to the Department of Employment's series, it is almost identical to the mid-July total.

Council claims it was misled over houses

A DISTRICT COUNCIL yesterday claimed that it had been misled over the condition of 9,000 houses handed over by the local development corporation.

Sir Geoffrey de Freitas, MP, is to raise the matter in Parliament. The council faces a possible £14m repair bill.

Corby Development Corporation gave the rented houses to the council two months ago under a Gvernment ruling that they were no longer responsible for rented dwellings in the town. It was estimated that a five-year repair programme would have cost £6½m.

But a confidential report drawn up by the council's housing committee has revealed that the bill for the first year alone will amount to £4½m. The cost of the five-year programme could now be as high as £14m.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1 Unadjusted	Money Stock M1 Seasonally adjusted	Money Stock M1 %	Money Stock M3 Sterling Unadjusted	Money Stock M3 Sterling Seasonally adjusted	Money Stock M3 Sterling %	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
1977										
June 15	440	295	1.5	461	309	0.8	124	439	820	—
July 20	181	426	2.2	658	358	0.9	1,341	182	239	—
August 17	276	59	0.3	−55	−1	—	−107	385	−257	—
Sept. 21	523	817	4.1	810	730	1.8	174	398	−72	−93
Oct. 19	748	594	2.8	669	595	1.4	580	469	227	182
Nov. 16	481	325	1.5	438	296	0.7	110	239	388	355
Dec. 14	663	233	1.1	799	413	1.0	28	292	504	161
1978										
Jan. 18	−256	617	2.8	60	1,036	2.4	737	182	−349	258
Feb. 15	113	484	2.1	378	1,050	2.4	328	284	206	963
March 15	345	151	0.7	350	294	0.6	312	575	533	597
April 19	813	372	1.6	1,754	1,156	2.5	393	267	2,038	1,432
May 17	196	219	0.9	408	410	0.9	550	774	945	1,124
June 21	−322	−88	−0.4	194	159	0.3	647	563	524	337

Source: Bank of England

* To private sector in sterling.

Reflecting the impact of the monetary measures in early June the sterling money stock on the wider definition (M3) rose by £159m after seasonal adjustment, or by 0.3 per cent, in the five weeks to mid-June. The narrow definition of money stock (M1), which includes only notes and coin circulation and UK private-sector sterling sight deposits, fell by 0.4 per cent as a result of a very large drop in interest-bearing sight deposits. Bank lending in sterling to the private sector rose by £557m, after allowing for the Bank of England's holdings of commercial bills.

Vauxhall cautious as profits soar

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE financial recovery of Vauxhall Motors, the UK subsidiary of General Motors, took another step forward in the first half of this year when the company achieved net profits of £4.3m, its highest figure since 1971.

This result compares with profits of £2m in the same period last year. Turnover rose from £305m to £416m, and operating profits before interest and tax went up to £10.4m against £8.5m. Interest charges were up from £3.9m to £4.5m.

Although the figures point to a return to healthier earnings for the company after a period of considerable doubt about its future, Mr. Bob Price, the chairman, said yesterday that they could not be regarded as adequate.

"The main requirement is for much higher productivity so that the business will enjoy success and all concerned will be able to share in the accompanying prosperity."

Mr. Price's caution reflects the company's experience last year when the first-half results were turned into a £2.2m loss for the year by a seven-week strike of craftsmen in the autumn.

The improved results derived from healthy increases in production and sales this year. Despite some problems caused by last year's dispute, car output in the UK rose by 8.4 per cent in the first six months to 61,780 units, and commercial vehicle production by almost 24 per cent to 62,800 units.

Total vehicle sales, which included a significant number of cars imported from General Motors' associate plants on the Continent, amounted to 143,959 units against 117,301 last year. With the introduction of double-shift working the workforce rose by 3,800 last year to around 33,000.

Mr. Price indicated that Vauxhall is aiming to achieve a market share for cars of about 10 per cent this year, and to consolidate that figure next year following the introduction of a new range of models.

Computer 'shape' plan may cut cost of telephone systems

BY JOHN LLOYD

A BREAKTHROUGH in the transmission of speech by wire or radio, which may mean that telephone transmission systems could be marketed at a tenth of their present cost, has been made by Brigadier Reg King, director of Army telecommunications in the Ministry of Defence.

Indications are that this development could also mean that present telephone systems will be able to cope with four or five times their present traffic through the same number of lines.

The Ministry said yesterday that the commercial application of the system could mean export sales worth millions.

In Brigadier King's system, speech patterns are reduced, with the aid of computers, into a small number of basic shapes, then reconstructed at the receiving end.

Most public telecommunication systems transmit voice by wire at a rate expressed as 64,000 bits per second—a bit is a unit of information—while the actual information content is as low as 300 bits per second. Brigadier King's development — which remains largely classified—is thought to have greatly reduced the "bps rate" while retaining acceptable transmission quality.

A prototype of the system is being constructed at Bath University, where Brigadier King has developed it in conjunction with Professor William Gosling, of the department of electronic engineering, and a team of researchers. A fully engineered version could be in general use within five years.

Other benefits of the research may include improved hearing aids for the deaf, a more efficient method of learning foreign languages—since the system can be made to create a visual computer identification of the sound pattern of foreign words—and improvement in the quality of "helium speech" used by deep-sea divers.

Professor Gosling said that there was "no doubt whatever that this represents a revolutionary concept in communications engineering."

Brigadier King said: "In the end, the answer was so simple that I had trouble convincing myself that it really worked. I had the system checked on another computer in case we had overlooked some vital detail—but it came up with the same result.

"I am especially pleased that our work, while of military importance, should be of considerable value to the rest of the community."

Speedy start for new British cargo airline

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A NEW all-cargo airline, Bamberg International Sky Karriers (BISK), has been set up by Mr. Harold Bamberg, and has been granted a licence to operate international flights by the Civil Aviation Authority.

Mr. Bamberg intends immediately to acquire two Boeing 707 jets, and to start international flights to and from Stansted Airport, Essex, as soon as possible. He is already negotiating a number of major cargo contracts for his new airline.

Mr. Bamberg, who owned and ran the original British Eagle airline, believes strongly that there is not enough capacity in the UK air cargo industry, and that as a result much business is being won by foreign operators that could be handled by British companies.

The Civil Aviation Authority has moved quickly in granting the BISK licence. Mr. Bamberg's application for a licence was given a public hearing in London only on Wednesday.

At that hearing only British Caledonian opposed the application, earlier objections by British Airways and Transmeridian Air Cargo being withdrawn. But the authority has clearly accepted Mr. Bamberg's contention that there is an immediate need in the UK market for another all-cargo airline.

Home and overseas engineering orders continue to decline

BY MICHAEL CASSELL

A SLACKENING in engineering orders from home and overseas customers is confirmed in the latest provisional figures issued by the Department of Trade.

Evidence of a declining level of orders was contained in earlier figures for March and now the April statistics show that the trend continued into the following month.

According to the Department's estimates, new orders from domestic and foreign markets showed a slight decrease over the quarterly period up until the end of April. Actual sales, however, continued to rise, although at a slower rate than recorded in the preceding few months. As their level exceeded the order intake, the volume of outstanding orders decreased slightly.

The Department says that the 1 per cent fall in total new orders between February and the end of April was attributable mainly to the export market, where orders showed a 1½ per cent fall. There was also a slight drop in new domestic contracts.

Figures for February had indicated an encouraging export order situation, but the Department now says that the good monthly figure reflected only the coincidental arrival of a few large contracts and that the general trend of declining orders from overseas, seen since the end of 1976, is still continuing.

The Department said yesterday that the outlook for new orders in the engineering industry as a whole was "not bright," although some sectors were performing much better than others. However, over the three-month period January-March, home and export sales rose by 3 per cent and 1 per cent respectively, as new orders received in previous periods reached completion and delivery.

Construction demand suffers monthly fall

BY OUR BUILDING CORRESPONDENT

CONSTRUCTION orders in May fell back slightly from the level recorded in April, according to provisional figures from the Department of the Environment.

The department estimates that the current price value of all orders obtained by contractors in May was £752m against £769m in the month before and £811m in March.

Expressed in constant prices, total construction industry orders for the three months March to May 1978 were 10 per cent down on the preceding quarter but were nevertheless 9 per cent up on the same period 12 months before.

According to the department, new orders in the public housing sector were worth, in constant price terms, £114m in May against £141m in April. In the March to May period, they were 1 per cent up, in constant price terms, on the previous three months and 5 per cent higher than a year earlier.

Private housing orders were worth £185m in current prices during May against £165m in the preceding month. On a constant price basis, orders in the private sector during the March-May period showed a 2 per cent fall from the previous quarter but an 18 per cent rise over March-May 1977.

The department says that, on a constant price basis, the value of public works contracts received by contractors in the March-May quarter was 27 per cent lower on the previous three months and 9 per cent lower than a year earlier.

Orders for private industrial work were down 2 per cent on the previous three months but 18 per cent higher than in March-May 1977 while private sector commercial contracts were 7 per cent up on the preceding quarter and 26 per cent ahead of the comparable period in 1977.

Jobs scheme aids blind

Financial Times Reporter

AN EXPERIMENTAL job introduction scheme for the disabled has found permanent employment for most of the blind people helped by it. The scheme enables certain disabled people out of work for at least six months to undertake a six-week trial period during which the Manpower Services Commission pays the employer £30 a week towards wages.

The scheme has proved successful, with about 500 of the 639 blind people in permanent jobs after the trial period.

Borrie warns 'misleading' traders

By James McDonald

SHOPKEEPERS AND traders were told yesterday by the Office of Fair Trading not to display notices which could confuse or mislead customers about their rights.

Mr. Gordon Borrie, director-general, said: "Statements avoiding liability for death or personal injury cause by negligence have been void since the unfair contract terms came into force on February 1. The new Act also means that traders no longer can avoid their responsibilities for the quality of parts or material they use in servicing, repair and building work."

MR. GORDON BORRIE

"I can use my powers."

The Act had been well publicised since October but void terms still were being used by some traders.

"Consumers may be misled into thinking they cannot pursue a legitimate claim.

"If I find that consumers are being misled on a large scale, I can use my Fair Trading Act powers to propose that the use of these clauses is made a criminal offence"

Dollman moves to Swindon

DOLLMAN ELECTRONICS, which manufactures advanced technology for the communications, civil aviation and military equipment sectors, is to move to Swindon from its present base at Biggin Hill, Kent.

At first it intends to employ 50 people but hopes to double this number shortly. It expects to be operating in Swindon by early September.

ENERGY REVIEW: NORTH SEA GAS

BY RAY DAFTER

A burning issue in the pipelines

THE COLLECTION of comparatively small pockets of gas, which under past practices adopted by the oil industry might have been flared and wasted, has become a central feature of the Government's North Sea policies.

Large gas fields like Frigg and Leman Bank will always be exploited on strict commercial grounds. What is in question is the gathering of gas from much smaller fields or gas produced in association with crude oil. Associated gas is often regarded by companies as a nuisance: an unwanted by-product of oil field development. Such gas might be useful for a time. It can, for instance, be pumped back into the reservoir to maintain the pressure needed for oil production. Some of it might be used to generate power on the offshore platforms. But in a large number of cases throughout the world companies have concluded there is no commercial justification for collecting this fuel, so it is just burned.

The Government has made it plain that, in the interest of energy conservation and gaining maximum benefit from North Sea resources, it wants this practice to be curtailed as far as possible. Ministers have been fondly talking about a £5bn pipeline network to gather up much of this spare gas. They have commissioned reports on other ways of exploiting these resources—such as turning the gas into liquids or basic chemicals and shipping them to shore in tankers, or using the gas to generate electricity for transmission ashore through sub-sea cables.

Yesterday saw the publication of the latest major report* on collection systems: Gas Gathering Pipelines (North Sea) produced its findings—minus confidential data—on possible pipeline systems. This followed the Government - sponsored Williams-Merz report on pipelines, published in May 1976, and the commercial study (sold at £3,000 a time) on possible systems prepared by consultants Buchanan and Clacher at the end of last year.

Gas Gathering Pipelines, a consultative group comprising both state and private companies involved in offshore developments, has not attempted to draw up a blue print of some future grand collection network. Instead, it has attempted to evaluate the commercial potential of a number of schemes, many of which are quite modest. In doing so it has posed many more questions about the unit costs of moving associated gas by pipeline and the technical problems of mixing gases of various qualities. So the debate goes on.

Meanwhile the offshore industry is already exploiting oil fields with substantial gas content and other fields are in the development phase. These companies are entitled to ask whether the three major pipeline reports will radically alter the course of events which, up to now, has been dictated by commercial considerations or Government persuasion or a combination of both.

In essence gas gathering systems have already been initiated, quite apart from the big commercial schemes based on the southern gas fields, Frigg and Brent.

Occidental and its partners in the Piper and Claymore Fields, have already started to build an £85m gas collection system linked, via a 35-mile spur line, to the trunk gas pipeline running from the Frigg Field to St. Fergus, Aberdeenshire. The Energy Department insisted on this scheme being implemented when Occidental applied for permission to boost crude oil production from Piper. Then in May the British Gas Corporation announced that Texaco's Tartan Field would be linked to this mini-gathering system. Gas production from Tartan and Piper will rise to about 90m cubic feet a day. Gas Gathering Pipelines, in one of its eight recommendations, says that such a development of Tartan and Piper gas should be encouraged. The report adds that it would like to see the Beryl Field linked to the Frigg pipeline as well.

Indeed a gathering network based on the Frigg system is one of three collection networks studied in detail by the consultative group. The report says that a network of pipelines drawing on commercial discoveries in the Frigg trunkline area of the North Sea could land about 5.6 trillion cubic feet—equivalent to rather more than half of the present total Frigg Field reserves.

Such a system, drawing on fields like Alwyn, Beryl, Piper, Tartan, Brae, Andrew and Thelma, is expected to cost around £657m, although additional shore facilities would add a further £200m to £300m to this figure.

Gas Gathering Pipelines looked at the possibility of linking more southerly fields to the Frigg system but concluded that in most cases the gas could not be gathered economically. As a result the report recommends that operators of such fields as Forties, Montrose, Argyll, Auk and Buchan should be allowed to flare their gas—a recommendation that will inevitably cause some controversy within Whitehall.

However, the report is even more controversial in the way it suggests gas from Shell/Esso's Fulmar Field should be handled. The study concluded that while Fulmar was too far south to be connected to a U.K. gathering system, a "better economic solution" might be for the reservoir to be linked to the Norwegian Ekofisk Field complex. But Ekofisk gas is piped to Germany and Sir Denis Rooke, chairman of the British Gas Corporation, said plainly this week that he could see no reason why UK gas should be sold to Continental buyers.

What is more, Sir Denis believes that natural gas—a high grade fuel—should be used for premium heat markets: for domestic, commercial and certain specialised industrial uses. Gas is too precious to burn in power stations, he says. To emphasise the fact he points out that "EEC countries burnt a total of 13bn therms of gas in power stations last year, almost as much as all the gas sold in the UK during the same period—and, of course, two thirds of that energy (more than enough to supply every household in Britain) was lost in the generating process."

The second main gas collection system evaluated by the study company would be centred on the Brent trunkline. Here Gas Gathering Pipelines has walked headlong into a confrontation with the Department of Energy. For it has said quite plainly that a project favoured by the Department is sub-economic. (A minimum discount rate of return of 10 per cent before tax is taken as the basic economic yardstick in the report.)

Full report

Three months ago Mr. Anthony Wedgwood Benn, Energy Secretary, announced that Shell and Esso had applied for approval to build a gas line between the Cormorant and Brent fields. He said that other fields might also be linked to the gathering system, including Chevron's Ninian Field, Unocal's Heather Field and Amoco's North Hutton Field—a fact confirmed by the Government yesterday. It is estimated that such a mini-gathering system might cost between £110m and £130m. That announcement was made at a time when Mr. Wedgwood Benn was studying the full report submitted by Gas Gathering Pipelines.

So it could not have escaped his notice that the study company felt that while such a collection system would avoid the flaring of gas it could not be developed economically. The Energy Department is convinced it is a viable project while Shell and Esso are not being drawn into comment. However, it is known that the two oil companies are not particularly enamoured with the economic prospects; presumably they feel that the collection of associated gas in this way—providing it makes at least a modest return—is part of their obligation as North Sea operators.

Gas Gathering Pipelines has studied a number of possible collection schemes for the Brent area. The most expensive of these costing £516m and capable of tapping some 1.58 trillion cubic feet of recoverable gas reserves, would link a whole cluster of fields from North Thistle and Magnus to the north, Tern and Cormorant to the west and Heather and Lyell to the south.

A more likely system that could be started almost immediately and incorporating Shell/Esso's current plans would cost nearer £283m. However the cost of carrying gas from such fields as Magnus, Cormorant and Dunlin under this proposal would amount to 7p a therm. This is about 2p a therm more than the average price now being paid by British Gas Corporation for its offshore supplies.

A cheaper system, resulting in a carrying cost of 5p a therm, and involving a capital investment of £182m, appears to be favoured in the report, although this is not plainly stated. However, this scheme would result in the collection of only 0.48 trillion cubic feet of gas and the flaring of fuel from fields like Cormorant and Heather.

The third gathering system, evaluated in the report is based on a new central trunk line and spur lines and linking fields like Andrew, Thelma, Brae and the discovery in block 9/19. Such a network could cost up to £548m with a carrying cost, in certain circumstances, rising to 10.5p a therm.

Gas Gathering Pipelines concludes that on the basis of present information a completely new gathering system "is a doubtful economic proposition." This will be particularly disappointing to the UK offshore supplies industry and, in particular, to the British Steel Corporation which has modified its pipe-making facilities in order to be in a position to bid for a large diameter trunk line.

The report concludes, however, that its findings are not out of line with those of Williams-Merz (although they are much more pessimistic than Buchanan and Clacher). Gas Gathering Pipelines believes that collection systems might tap between 7.5 and 10.6 trillion cu ft of the reserves available after platform use. This is roughly on a par with recoverable reserves thought to lie in the big Frigg Field. On this basis the amount of gas additional to Brent and Frigg likely to be produced from the northern North Sea should be about 700m cu ft a day in 1985 rising to 950m cu ft a day by 1990.

The chemical industry is assured of large new supplies of basic feedstock, for the report also states that the total quantities of natural gas liquids (principally methane, propane and butane) contained in the gathered gas, plus quantities produced from Brent and Frigg up to the year 2015, should amount to between 99m tonnes and 129m tonnes. Both Gas Gathering Pipelines and Williams-Merz agree that the total quantity of these gas liquids contained in gas from all UK discoveries is between 160m and 165m tonnes.

But a big question mark still hangs over the findings of the latest report—one recognised by Gas Gathering Pipelines. No account has been taken of the effect that Norway would have if it allowed some of its fields to be tapped by a UK gathering system, and this is a real possibility. The study company was restricted to the UK sector for political and, perhaps, diplomatic reasons. But in the preface to its report it concedes that if Norwegian finds had also been considered, they could have had a significant effect on the findings.

Mr. Leslie Dickson, engineering manager of Santa Fe (UK) writes in a book† just published for the Institute of Petroleum that it was likely that Norwegian fields between Statfjord in the north and Valhall in the south would be linked to a UK scheme based on St. Fergus. So it is a pity that the restriction was placed on the Gas Gathering Pipelines study team. For their own findings tend to support the view that only by combining reserves on each side of the median line can the case be made out for a major new gas gathering network in the North Sea.

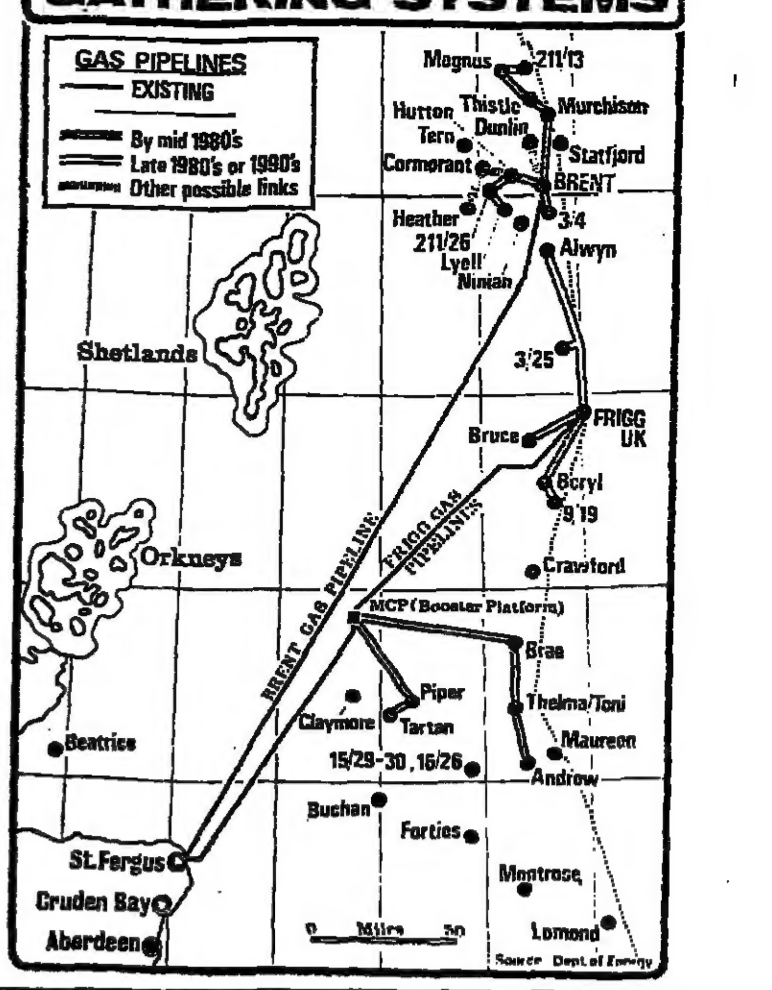
Gas Gathering Pipeline Systems in the North Sea; Energy Paper No. 30, Department of Energy; SO; £2.50.

† A Guide to North Sea Oil and Gas Technology; Institute of Petroleum, Heyden and Son, Hillview Gardens, London NW4 2JQ; £4.

GAS GATHERING PIPELINES MEMBERS (NORTH SEA)

British Gas Corporation	(33⅓%)
British National Oil Corp.	(33⅓%)
BP Pet. Development	(8⅓%)
ICI Petroleum Services	(8⅓%)
RTZ Oil and Gas	(8⅓%)
Total Oil Marine	(8⅓%)

POSSIBLE GAS GATHERING SYSTEMS



EEC foots half the bill to retrain steel men

FINANCIAL TIMES REPORTER

THE British Steel Corporation is to receive nearly £1.5m from the EEC to help retrain some of the steelworkers laid off at factories in Wales and Teesside.

The EEC Commission in Brussels announced yesterday that the money will be used to help retrain nearly 2,400 employees at the Shotton factory in North Wales, the East Moors works at Cardiff and the Hartlepool works on Teesside in other skills.

The entire East Moors plant, employing 3,300 men, has closed. At Hartlepool, where the mill still operates, 1,500 men lost their jobs when iron and steel making ceased. Only a small proportion of the retraining grant is for redundancies at Shotton, where there has been no plant closure.

The grant, the latest provided from funds for retraining redundant workers, represents just under half the cost of a two-year project, the rest being paid by British Steel itself.

Another £328,000 of EEC money is being paid to Ford Motor Company to retrain 457 men affected by closure of blast furnaces and coke ovens at Dagenham. The whole two-year project will cost £780,000, the corporation said.

PARLIAMENT AND POLITICS

Jobless estimate out of date—PM

By John Hunt, Parliamentary Correspondent

ESTIMATES SHOWING a possible 1.7m unemployed by next March, which were supplied to the Commons Expenditure Committee by the Treasury, have since been revised downwards, the Prime Minister told MPs yesterday.

He was replying to Mrs. Margaret Thatcher, Leader of the Opposition, who asked for his comments on the figure, which had been given to the committee when it queried why an extra £117m had been set aside this year to cover unemployment benefits.

Mr. Callaghan emphasised that the 1.7m was an assumption which had been made last autumn and had since twice been revised downwards. He did not reveal the latest assumption, but it is understood to be in the region of 1.55m—slightly higher than the current level of 1.5m.

Mrs. Thatcher said that it was now clear that the Chancellor of the Exchequer, Mr. Denis Healey, was working on assumptions that, as a result of Government policies, unemployment would rise to 1.7m.

She wondered whether the Prime Minister was working on the same assumption or a different one.

Mr. Callaghan told her that the unemployment figure was necessary in order to estimate what public expenditure was likely to be over the next three or four years. "They are not forecasts of unemployment. They are assumptions that can be altered by policy changes."

"All these variables are so great that it gives a spurious precision to any idea of attempting to forecast two or three years ahead," he added.

But Mrs. Thatcher reminded him that during the last general election, Mr. Healey, in one of his euphoric moods, had said that any party which contemplated unemployment at 1.5m was unfit to govern. In view of this, she thought it was time that the Chancellor took his own advice.

Mr. Callaghan agreed that the present level of 1.5m without jobs was unacceptable. But if the Opposition's policy of taking away grants and subsidies was followed, the level would be very much higher.

Mr. Wyn Roberts (C. Conway) wanted the Prime Minister to say what he thought the anticipated unemployment level would be next year and how dependent that would be on holding wages down to 5 per cent in Phase Four.

According to Mr. Callaghan, revised figures on the unemployment assumptions had already been produced in May this year. As to whether they were dependable, that was a matter which no one could comment on as a number of different factors were involved.

If, for instance, world trade improved as a result of the weekend summit meeting at Bonn, then that would have a favourable influence on employment prospects.

Leaving yesterday's Cabinet meeting are, left to right, Mr. Stanley Orme, Mr. Fred Mulley, Mr. Peter Shore, Mr. Sam Silkin, Mr. Albert Booth, Lord Elwyn-Jones, Mr. Roy Hattersley, Mr. John Morris and Mr. Bruce Millan.

Peers force new Commons vote on Scottish MPs

BY IVOR OWEN, PARLIAMENTARY STAFF

PEERS ENSURED last night that the Government has to face another crucial vote in the Commons next week on the post-devolution role of Scottish MPs at Westminster.

At issue, in a "ping-pong" battle between Lords and Commons over amendments which peers have made to the Scotland Bill, is the so-called "West Lothian question."

It is identified with Mr. Tam Dalyell (Lab. West Lothian), arch anti-devolutionist, who has made the running in posing the possibly disastrous consequences of votes cast by Scottish MPs in the Commons providing the effective majority in deciding major questions which affect only England.

Only the casting vote of the Deputy Speaker saved the Government from defeat on Monday following a tied vote on a Lords amendment requiring that votes on English Bills in the Commons should be re-run after a 14-day cooling-off period in all cases where the majority is provided by Scottish MPs.

In the tied vote, Mr. Dalyell, Mr. George Cunningham (Lab, Islington S and Finsbury) and the Scottish Nationalists joined with Tory MPs in supporting the Lords amendment.

Anxious to deny the Government an easy opportunity of promoting a Lords versus Commons clash over Scottish devolution in the coming general election, Tory leaders in the Lords decided yesterday against using their built-in majority to insist on the original Lords amendment being retained in the Bill.

But they defeated the Government by 23 votes (104-81) to carry a substitute amendment covering the same ground and which also provides for a re-run vote after a 14-day cooling-off period.

This amendment, along with others carried by the Lords against the Government will be considered by the Commons on Wednesday.

Although the Government has been alerted to the danger by the earlier tie, Tory leaders are still hopeful that support from Mr. Dalyell and any other Labour anti-devolutionists he is able to persuade to join him in the lobby will enable them to pull off a victory which would greatly embarrass Ministers.

In urging peers to provide the opportunity for a further vote in the Commons on the issue by approving the substitute amendment, Lord Campbell of Croy, from the Opposition front bench, argued that there was a grotesque structural fault in the Bill in its present form.

Ministers, he complained, had made no attempt to rectify it. It would be intolerable if an English domestic matter were to be approved because a majority of Scots MPs voted for it, even though the majority of English MPs voted against.

For the Government, Lord McCluskey, Solicitor General for Scotland, questioned whether a re-run vote would prove to be of any value.

At the start of the proceedings, the Opposition leaders in the Lords advised their supporters to use the in-built Conservative majority with restraint and to place a strict limit on the number of Lords amendments which they insisted on seeking to retain in the Bill.

Despite earlier appeals from Government and Opposition front benches and from former Prime Minister Lord Home of the Hirsel, Liberal peers forced a vote in a vain attempt to insist on the Lords amendments on proportional representation.

Lord Banks (L) acknowledged that the Commons had already decisively rejected PR in debates on both the Scotland Bill and the Wales Bill, but said that the number of MPs supporting a switch from the traditional first-past-the-post system had successively increased.

Other peers warned the Liberals that their attempt to insist on the amendment, defeated by 90 votes to 33, a majority of 57, was likely to convey the false impression that there had been a falling-off in support for PR in the Lords.

Government beaten on forestry

DEFECTIONS BY Labour backbenchers led to a 33-vote Government defeat in the Commons last night and the removal of forestry from the devolved matters to be placed under the control of the Welsh Assembly.

To the consternation of Ministers, a Lords amendment to the Wales Bill designed to ensure that forestry remains a national responsibility was endorsed by 280 votes to 247.

It was the second defeat for the Government on successive days, as, under the guillotine, the Commons moved towards completing consideration of the 198 Lords amendments to the Bill.

A Lords amendment debarring MPs from membership of the Welsh Assembly was approved—also by a 33 majority—against the advice of the Government on Wednesday.

When MPs began the final day's consideration of the Lords amendments, Mr. John Morris, Welsh Secretary reaffirmed the Government's aim to "democratise" nominated bodies like the Welsh Development Agency, the Development Board for Rural Wales and the Welsh Tourist Board by placing them under the control of the Welsh Assembly.

Mr. Morris said that bodies operating wholly in Wales, in the devolved fields, should be appointed by the assembly and not by the Welsh Secretary.

Bodies which operated outside Wales should be made accountable to the assembly for their Welsh activities.

Mr. Nicholas Edwards, shadow Welsh Secretary, argued that to remove the work of most of the bodies to Cardiff would make them more, not less, remote from the people.

Foot makes light of republican comment

BY JOHN HUNT

THAT WELL-KNOWN leveller and leading member of the Cromwell Society, Mr. Michael Foot, found himself in trouble over the Royal Family during exchanges in the Commons yesterday.

The Leader of the House seemed to be hinting that he would be quite happy to see the British monarchy replaced by a republic.

The trouble started during a lengthy and involved question from Left-winger Mr. Tom Litterick (Selly Oak) who complained about the appointment of Mr. Angus Ogilvy, the husband of Princess Alexandra, to the board of the General Electric Company.

He was immediately called to order by the Speaker, Mr. George Thomas, who reminded him that any reference in the Chamber to members of the Royal Family must be made with the traditional measure of courtesy.

Undeterred, Mr. Litterick then claimed that Lord Thorneycroft, the Conservative Party chairman, had been involved in a "massive fraud of the Post Office"—an allegation he withdrew on being sternly admonished by the Speaker.

Mr. Litterick suggested, however, that it would be a good idea if the Government set up a Royal Commission to investigate the senior management or large business organisations.

Predictably Mr. Foot replied that the chances of doing so before the summer recess were very small indeed. Then he added the offending passage: "I don't think the chances of setting up a republican commission are very large, either—which is what I might favour myself."

Sensing that the unpredictable Mr. Foot had blundered, Tory backbenchers pounced immediately. The Prime Minister, who was sitting beside the Leader of the House, looked distinctly unhappy. Doubtless he was visualising the next morning's headlines and calculating how many potential Labour voters might have been alienated.

Remorselessly, the Tories pursued their quarry. Wasn't it strange that Mr. Foot, as Lord President of Her Majesty's Privy Council, should harbour such disloyal thoughts? Weren't his remarks contrary to the rules of the House?

Somewhat unconvincingly, Mr. Foot attempted to pass the whole thing off as a joke. He wondered what had become of the sense of humour of Tory MPs.

In a sudden outburst of royalist sentiment, he promised: "If Her Majesty asks me to apologise or withdraw, I would be very eager, and immediately do so. When I see her next week, I will ask her and set the matter as right as courtesy and common decency can."

Dividends Bill speed queried by Tories

By John Hunt

THE GOVERNMENT'S legislation on dividend control to be debated by the Commons next Thursday, will be a "nice, short, sweet Bill," Mr. Michael Foot, Leader of the House, predicted yesterday.

He hoped that this would be the atmosphere in which MPs would consider it.

But his optimism was not shared by Tory MPs who pressed him to explain how the Bill could possibly go through all its stages before the House rises for the summer recess.

Mr. Norman Tebbit (C. Chingford) suggested that some rather unusual procedures would have to be used in order to get the Bill through in time. He wondered whether the Government would make it an issue of confidence.

Mr. Foot told him that it was the hope that the Bill would go through in one day. This idea, however, provoked a chorus of dissent from the Tory benches.

Another Conservative Mr. John Biffen (Oswestry) pointed that as it was not a money deal, it would have to be considered in the Lords. He was mystified as to how the Commons could find time to consider any amendments which the Lords might make.

The Leader of the House said that he did not see why the peers would wish to make any changes to such a "short and satisfactory" Bill.

"But if they do so, the House of Commons is thoroughly capable of dealing with it."

Next week's business

MONDAY: Debate on unemployment; motion on dock labour scheme.

TUESDAY: Debate on economy, including White Paper on inflation.

WEDNESDAY: Lords messages on Scotland and Wales Bills and on Parliamentary Pensions Bill.

THURSDAY: Dividends Control Bill.

FRIDAY: Valuation List (Second Postponement) order; motions on Ministers' and members' salaries, allowance and pensions; motion on report on the new Parliamentary building.

Immigration decline will continue, say Ministers

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT yesterday reaffirmed that immigration, far from being out of control, would continue to decline in the years to come. Its assurance came as senior Tory and Labour spokesmen were once again publicly feuding on the issue.

The cautious enumeration of the Home Office's views is set out in a White Paper in detailed response to the report and recommendations published last spring by the all-party Select Committee of MPs on race relations and immigration.

The document confines itself to going over once again stated Government policies on the issue, which promise to generate a great deal of heat in the forthcoming General Election campaign.

It underlines the Government's determination to stand by its existing commitments but promises firm action to end evasion and abuse of immigration controls. Above all, it insists that major primary immigration into the UK is over, and that the "secondary" flow of dependants is "an inherently limited commitment" which must decline in due course. Last year's figure, in fact, showed a fall.

For this reason, the Government sees no need for an annual quota for total immigration from the Indian sub-continent, as recommended in rather ambiguous terms by the Select Committee. It does, however, concur with the MPs that priority should be given to wives and children, ahead of the contentious category of male fiances.

Similarly rejected is a formal register of dependants — on which the committee was itself divided but which is keenly advocated by the Tories—as well as any suggestion of internal controls on immigrants, already in this country.

The White Paper goes on to emphasise that the Government is pressing ahead with its studies on a possible change in the nationality law. Its proposals will be published "as soon as is practicable."

Meanwhile, Mr. Ron Hayward, Labour's general secretary, has brushed off an angry protest from Mr. William Whitelaw, Conservative home affairs spokesman, that Mrs. Thatcher's policy on immigration was being systematically distored by Labour election campaign documents.

A bulletin issued by Transport House for party campaign speakers states that the Conservative line involves forcible repatriation, and a "Nazi philosophy."

Mr. Hayward dismissed the accusation of Mr. Whitelaw that a co-ordinated smear campaign was being orchestrated by Labour strategists. The passage in the bulletin, he added, "analyses, with what I feel to be good logic, the way in which most people would interpret what Mrs. Thatcher was getting at."

Mr. Merlyn Rees, Home Secretary last night declared his intention to stand by the existing powers under the 1971 Immigration Act governing detention and deportation of illegal immigrants, despite powerful representations from many Labour MPs and immigrant groups, that they were being too zealously applied.

The number of deportees has risen sharply from 139 in 1974, to 496 in 1977.

Milk ban for renewed study

THE GORVENMENT is considering again proposals to ban the distribution of farm bottled milk. Mr. Gavin Strang, Parliamentary Secretary, Agriculture, said in the Commons yesterday.

Mr. Max Madden (Lab. Sowerby) called on the Minister to abandon the plan and keep an open mind on the issue. He wanted confirmation that there was "no question of an automatic ban being introduced in 1980."

Mr. Strang insisted that the Government was "considering the whole question of a ban afresh." A statement would be made in due courdse.

MP warns on 'land invasion'

LAND PURCHASES by large financial institutions are causing concern, Dr. Gavin Strang, Parliamentary Secretary, Agriculture, told the Commons yesterday.

He was replying to a demand from Mr. Kenneth Lewis (C. Rutland and Stamford) for the Government to take action to prevent further purchases of farming land in Britain by financial institutions and foreign nationals.

Mr. Lewis declared there was an "invasion of England's green and pleasant land" by the Germans and Dutch who were buying up land. He suggested there should be similar curbs on the "export" of land as there were for works of art.

Dr. Strang replied: "Mr. Lewis puts his finger on a point which is undoubtedly causing great concern in the countryside. It is not only acquisition of land by overseas nationals but also an increasing acquisition of land by large financial institutions."

The Minister said the Government had already asked Lord Northfield and his committee to examine recent trends in agricultural land acquisition and occupancy, including the purchase of land by financial institutions and foreign nationals.

Recess dates

MPs WILL start their summer holiday on Thursday August 3 and will return on Tuesday, October 24, Mr. Michael Foot, Leader of the House, said in the Commons yesterday.

LABOUR NEWS

Britain releases 'blacked' engines

FINANCIAL TIMES REPORTER

THE GOVERNMENT yesterday granted an export licence for four Rolls-Royce jet engines owned by Chile which are being blacked by workers at the company's East Kilbride plant as a protest against the policies of the Chilean regime.

The licence was posted off last night to the solicitors representing the Chilean Government, which has been trying to extricate the engines from East Kilbride, where they were sent for repair.

Although the plant is on holiday, about 150 maintenance staff are still on duty. Last night one of their shop stewards, Mr. John Keenan, said they had plans to stop any attempts to move the engines before the rest of the 1,100 workforce returned.

Local trades council and Scottish TUC officials are believed to have discussed a scheme to send pickets to the plant if necessary. Rolls-Royce has told the Government it would not favour sudden moves by troops or contractors to lift the engines because of the effect which this would have on industrial relations.

Department of Trade officials last night pointed out that the export licence gave only customs clearance. It is Whitehall's view that it is now up to the company, the Chilean Government and the unions to settle the problem.

Yesterday's move will probably be take by Chile as an encouragement to press on with efforts in the Scottish courts to secure possession of the engines.

The Government has been hesitating on whether to grant the export licence application amid strong disagreement among Ministers. Already 140 Labour MPs—more than half the party's total backbench turn-out — have signed a Commons motion insisting that the engines do not go back. They are likely to be incensed by last night's move.

Dr. David Owen, the Foreign Secretary, reassured a private meeting of Labour MPs last night that the step did not signify and "warming up" in Britain's relations with Chile. The Government had no alternative, he said.

High Court threat to advisory service

By Alan Pike, Labour Correspondent

THE Advisory, Conciliation and Arbitration Service was faced yesterday with the threat of another High Court challenge to its handling of a union recognition claim.

Officials of the Legal and General staff association intend to ask the court to order that the service must proceed without delay in dealing with a claim for recognition referred to it by the association early last month. Last week the ACAS council decided to take legal advice on the issue.

The arbitration service, which first became involved in the Legal and General issue after a recognition claim by the Association of Scientific, Technical and Managerial Staffs, has already faced one High Court challenge from the staff association. In this, the association successfully established that, although it was not claiming recognition, it was entitled to be included on a questionnaire from the service to employees.

The subsequent survey showed that in an 80 per cent poll 1,854 staff supported representation by the managerial association and 773 the staff association but that more than 1,100 did not want a union at all.

Vauxhall to lay off 4,000 men tonight

BY PHILIP BASSETT, LABOUR STAFF

FOUR THOUSAND production workers at Vauxhall's Ellesmere Port car plant on Merseyside will be laid off from tonight after 3,000 assembly workers voted yesterday to continue their 11-day strike in support of 100 transport drivers.

Production at the plant, which makes about 450 Vivas and Chevettes a day with a showroom value of £1.25m has been at a standstill since the beginning of last week.

Supplies to Vauxhall's plants at Luton and Dunstable have been hit by the drivers' strike, and by the end of the final shift tonight when the factory closes for its three-week annual holiday, more than 2,000 vehicles will have been lost at Luton.

The 3,000 assembly workers, members of the Transport and General Workers' Union, voted as expected yesterday to stay out. The Ellesmere Port plant also begins its annual holiday today.

The 4,000 production workers to be laid off today are mainly members of the Amalgamated Union of Engineering Workers involved in component manufacture for engines, axles and gearboxes for Ellesmere Port and Luton.

The management's notices state that because of the vote by the assembly workers an immediate return to work after the holiday will not be possible.

Production at Ellesmere Port has not been affected as seriously as it might have been at any other time of the year because of the forthcoming holiday. The stocktaking usually carried out immediately before the holiday has been brought forward since the strikes started.

The drivers want a productivity payment for an increase in tonnage and an hours cut without loss of earnings. They say the payment was promised to them when the tonnage was increased under earlier stages of pay policy when payments for productivity were not allowed under Government pay guidelines.

Talks break up on Post Office engineers' claim

By Pauline Clark

RESUMED TALKS aimed at a solution to the long-running Post Office engineers' claim for a 35-hour week broke up last night without agreement, for the seventh time this month.

Post Office management and the Post Office Engineering Union meet again on Monday, with Lord McCarthy as mediator.

The dispute is in its tenth month. Action by the engineers was recently stepped up into a national overtime ban.

If an agreed formula is not reached next week, Lord McCarthy is expected to make his own recommendations for a settlement.

The Government's general attitude to a working week is expected to be stated in a White Paper on pay today.

Sun Scottish print talks

BY OUR OWN CORRESPONDENT

THE SUN newspaper has opened negotiations with the main print unions about manning and wage levels for a £2m printing plant that Mr. Rupert Murdoch's News International wants to set up in Scotland to print the paper's Scottish edition.

The Sun had originally approached George Outram, the SUITS subsidiary, when publishes the Glasgow Herald and Evening Times, about possible contract-printing of more than 200,000 copies per day from early next year when Outrams move into the refurbished ex-Scottish Daily News plant in Albion Street, Glasgow.

But talks between the two firms broke down over the question of costs. Mr. Bert Hardy, chief executive and managing director of the Sun and News of the World, said they had decided that for the costs quoted by Outrams they would rather have their own print shop in Scotland.

Outrams, which hopes to move into Albion Street next January, is still to make a decision on a similar request from Express Newspapers to contract-print 200,000 copies of the Scottish Daily Express.

Outrams is spending about £10m on re-equiping the Albion Street building, including the installation of computerised typesetting facilities.

Surplus dock workers paid £44m to quit

PORT EMPLOYERS have paid out nearly £44m in the past nine years to do away with surplus labour in Britain's docks.

The annual report of the National Dock Labour Board, published today, shows that under the industry's voluntary severance scheme 16,900 men have left the industry since 1969 at a cost of £43.9m

In addition, millions more came from the taxpayers through the Government-financed special scheme between September 1972 and February, 1973, leading to another 8,339 men being removed from the dock workers' register.

The maximum severance payment was increased from £5,250 to £7,000 in March, 1977, but the report says the response of dockers willing to give up their jobs was not as great as had been expected.

● The national dock committee of the Transport and General Workers' Union decided yesterday to seek an early conference of the national dock delegates over the possible closure of either the Royal Group or the India and Millwall docks, London.

Mr. Tom Cronin, national secretary of the dock committee, said the conference would prepare dockers for an official national strike in the event of closure of either docks.

● Mersey tugboatmen have threatened to involve the international trades union movement in support of 94 storemen who claim they were locked out by the Vestey Group in a bonus pay dispute 10 weeks ago.

PO plan will be monitored

TWO TEAMS of university researchers are to monitor and evaluate the Post Office's two-year experiment in industrial democracy, which began in January this year, writes John Lloyd.

The research teams are drawn from the Social Science Research Council's industrial relations research unit at the University of Warwick, and the industrial sociology unit at Imperial College, University of London.

Computer row brings threat to Forces pay

BY PHILIP BASSETT, LABOUR STAFF

TWO Civil Service unions yesterday told the Defence Council that their members would take industrial action which could stop Forces pay and movement orders if the Ministry of Defence persists with its plans for moving 5,000 computer jobs to Glasgow.

While officials of the Civil and Public Services Association and the Society of Civil and Public Servants were handing in a letter of protest to the council yesterday, about 200 members of the unions demonstrated in Whitehall outside the meeting.

The unions are objecting to the Government's intention to move the computer jobs to Glasgow from centres including Winchester (560 jobs), Gosport (900 jobs) and Cheadle Hulme (250 jobs). Originally, the unions claim, the Government tried to compile a job package from the London area alone as part of its South-East jobs dispersal scheme, but it was unsuccessful.

An open letter from the two unions, signed by their two Ministry of Defence secretaries, said that the dispersal proposals were "misconceived"

FINANCIAL TIMES SURVEY

Friday July 21 1978

VIENNA

City in search of a role

Vienna is actively seeking to strengthen its position as an international centre and has benefited from the working relationship between the Socialist administration and the business community. Even the campaign leading up to October's municipal elections is unlikely to divert the city from its economic targets.

VIENNA IS currently in the grip of an election campaign, with a plethora of political posters and a programme of overt or barely disguised political meetings. The fever is bound to reach its peak in the weeks after the holiday season and on the eve of the crucial municipal elections scheduled for October 8. Yet a visitor would be forgiven if he found it difficult to distinguish at first glance between the parties and their leading candidates. All seem to be imbued with a love of Vienna and committed to do their best for the 1.6m inhabitants of Austria's capital.

To the surprise of the Press, Herr Gratz, former Minister of Education and later Parliamentary Chief Whip, managed to mobilise the Viennese Socialists (with 252,000 registered members by far the largest party organisation in the country) and led the "reds" to their greatest post-war political triumph by increasing their share of the popular vote by 3.3 per cent to over 60 per cent, winning 66 (instead of 63) seats on the council at the 1973 municipal elections. Herr Gratz won, even if indirectly, another resounding vote of confidence

This Survey was written by our Vienna Correspondent Paul Lendvai

Yet the posters and also the party leaders reflect some significant political and psychological changes in this profoundly conservative city, dominated by the Socialists since World War II. Its popular Mayor, Herr Leopold Gratz, took over as Socialist leader in Vienna in 1973 after his predecessor Herr Felix Slavik had to resign after a row involving the cutting down of 76 trees in a residential area. In a referendum a majority voted against the controversial project. The real reason was, of course, the frustration felt by many Viennese with the administration and the fact that the two mass circulation popular dailies in the capital had taken up the cause of "preserving green Vienna."

at the general election in October 1975 when the Socialists reached their best ever result in a national poll, capturing 59.8 per cent of the vote.

Neither the Bauring scandal, which involved the liquidation of a city-owned construction and civil engineering company with a production staff of 3,000 against the background of alleged corruption and kick-back to Saudi princes and municipal officials, nor the collapse of the Reichsbruecke, one of the principal Danube bridges, made a dent in the popularity of the good-looking and eminently likeable mayor. It was not Herr Gratz, the charming vote-getter, but one of the luckless city councillors, a certain Herr Fritz Hoffmann, who got into serious difficulties, not so much because of the bridge but because he had disappeared at the time somewhere in Switzerland.

But the Reichsbruecke affair contained a paradox, reflecting a basic element in the Viennese character. The typical Viennese is a born and dedicated Raunzer (grumbler), yet he also resents it if his city is run down by an outsider or subjected to public criticism. Thus Herr Gratz according to all opinion polls reached once again a peak of popularity after the catastrophe.

More baffling still to an outsider, the Reichsbruecke affair forced the People's Party leader in Vienna to resign and to be replaced by Dr. Erhard Busek, previously Secretary General of the party. This was the result of the accumulated resentment of the People's Party activists and the non-socialist Press against the unpopular and unattractive leadership of the main opposition party in the capital.

In Dr. Busek the Populists, so long an "underdog" in the capital, have acquired at long last a real intellectual with impeccable credentials as a Viennese of long descent. There is no doubt that he is a most formidable opponent for Herr Gratz.

The point here is that the Socialist landslide in 1973 was caused partly—or perhaps even primarily—by the fact that the upper- and middle-class Viennese were simply fed up with the opposition parties and did not go to the polls. This meant, for example, that out of 1.2m eligible voters about 250,000 abstained, 80,000 more than at the general elections.

Mayor Leopold Gratz (right) with Chancellor Bruno Kreisky.

In other words, the success of Dr. Busek depends to a great degree on his ability to tap and mobilise the non- or anti-socialist political reservoir in Vienna. In contrast to the quarter of a million Socialist party members, the OVP (Austrian People's Party) can boast only of some 58,000 registered voters.

It remains to be seen whether the OVP will really manage to increase its share of the popular vote to 34 per cent, which would mean the Socialists losing three per cent. The magic figures in terms of municipal council seats are: 66-31-3. This was the proportional strength of the Socialists, Populists and the Freedom party in 1973.

According to a new electoral system introduced to help the smaller opposition party, however, the division of seats would today be 65-30-5 if the elections were held on the basis of the new system. Thus the great question for Dr. Busek, if he wins a couple of seats or even three, is whether one compares the results to the 1973 results or to the fictitious results on the basis of the electoral reform.

Be that as it may, most observers reckon on slight gains for Dr. Busek and the question is by just how much. If the party were to gain 34 seats (plus three or, according to the new system, four) it would automatically mean the winning of the post of one of the Vice-Mayors.

In any case Dr. Busek is a highly professional politician who spent five years as secretary of the People's Party club to be followed by a further five years as secretary general of the *Wirtschaftsbund*, one of three leagues constituting the People's Party and representing the business community. Since he became leader of the luckless Vienna People's Party, and regardless of the actual results, most observers would agree with the assessment of the weekly publication *Wochenpresse* that the political scene in Vienna has become more interesting.

First, Dr. Busek as a genuine Viennese quickly put an end to the opposition practice of running down the city. He knew very well that the Populist posters put up in 1973—"This city is sick!"—backfired at the elections, simply because even those Viennese grumblers who were furious with the building works and innumerable street blocks resented the inference that by implication they were also "sick." By contrast, under Busek the OVP has become second to none in its professed affection for the capital. The election campaign runs under the slogan "Pro Wien."

Nothing could perhaps indicate the change of mood in the city so well as the fact that Dr. Busek even managed to publish a book about his views concerning past and present Viennese history. In sorrow rather than in anger, he laments the demise of what was once a great capital of a great empire which embraced 52m people representing 11 different nations. He even goes as far as to acknowledge that Mayor Gratz has tried to do something during the past five years but "alas has not even been able to assert himself in his own party."

Meanwhile Mayor Gratz, who in the period January-May alone attended over 400 assemblies and visited 80 factories, is pleased with the mood he senses in the capital and hopes to hold "more or less" the record Socialist share of seats and popular vote recorded five years ago.

Turning to his five years in office, Herr Gratz lists such achievements as using the city budget as a real lever for economic policy; the new series of measures aimed at promoting investments and attracting new industries, including the setting up of a company to promote innovations; the startling success of Wiener Holding, the new holding company, set up in 1974 to control and co-ordinate the 30-odd diverse enterprises which are partly or wholly owned by the city; the change in housing policy in favour of saving the inner core of the capital and averting the birth of new slums; and last but not least achievements in the field of social welfare and health.

He points out the efforts made to make life in the blocks of flats easier for handicapped people, which involves building of special flats with larger doors and lower placed windows, etc., in order to facilitate the movement of wheel chairs. "The humanity of a given society can be best judged by what it is doing for small groups, in this specific case for four or five thousand families," he says.

The city has of course embarked on much more ambitious programmes which may well go into history as the third great construction era. The first 2-mile long section of the Vienna underground was opened last spring just over 65 years after the then Mayor

CONTINUED ON NEXT PAGE

Economy fights for its share

THERE ARE few great cities in the world whose image is so strongly shaped by cliches as Vienna. Thus, for example, foreign tourists, 60 per cent of whom visit the capital on account of the famous state opera, are unlikely to know that this beautiful city of imperial splendours is at the same time Austria's single most important business and industrial centre. With 22 per cent of the inhabitants and 23 per cent of the active population, Vienna provides about 26 per cent of the jobs and contributes between 27 and 28 per cent to Austria's aggregate national product.

Vienna's economic position is characterised by contradictory developments. Thus on the one hand the capital's share of the Austrian GNP has fallen from 31 per cent in 1964 to 27-28 per cent by the late 1970s, and taking the 1964-76 period its growth rate, at 44 per cent, was also well behind the nationwide average figure of 68 per cent. However, the varied industrial structure and the high proportion of small and medium firms has helped Vienna to cushion the effects of sharp periods of recession.

This is the background to the proud claims of the Socialist city administration that during the first quarter of 1978 the unemployment rate was a mere 1.7 per cent as against a 3 per cent nationwide average and that last year the figure for Vienna stood at 1.1 per cent compared to 1.8 per cent for Austria as a whole. At the same time, it is also stressed that at the end of May there were twice as many vacancies for apprentices as jobseekers. The higher degree of resistance to recession is also reflected in the fact that, for example, monthly gross earnings of the industrial labour force in Vienna in 1976 were 10 per cent higher than the Austrian average.

Notwithstanding these claims, the various economic surveys and long term projections compiled recently by the municipal authorities candidly admit the structural and geographical disadvantages. The Communist takeover in the neighbouring countries isolated Eastern Austria from its natural trading partners. It is not generally known, for example, that Budapest is nearer to Vienna than such Austrian provincial capitals as Bregenz, Innsbruck, Salzburg or Klagenfurt in the West.

A further factor affecting the city's development is the steady reduction of the active population, coupled with a rising proportion of old people. Employment can be maintained only through the influx of foreign labour, accounting for 10.5 per cent of the labour force, and some 100,000 commuters from the provinces. The number of foreign workers last year totalled 83,000, up 13.9 per cent on the previous year, and amounting to 44 per cent of the aggregate foreign labour in Austria. But the foreigners are primarily employed in the services sector and in jobs which according to the latest study of the Institute for Economic Research are "not liked by residents . . ."

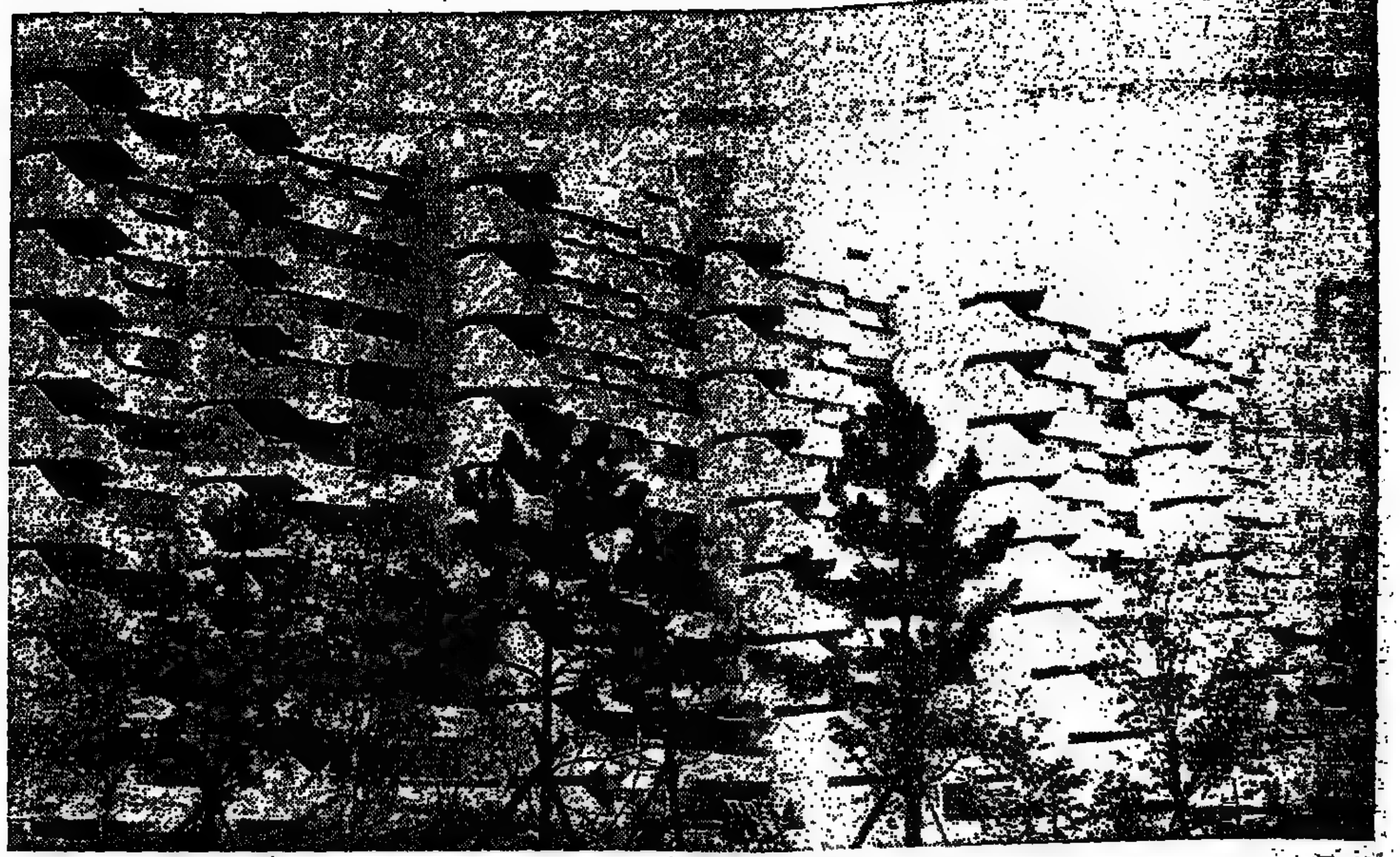
The secondary manufacturing factor (industry and trade) accounts for 38 per cent of the gainfully employed and its productivity is 6 per cent above the rest of the Austrian industry. The maintenance of the industrial sector is regarded as a priority task by the city administration. The shift from the secondary to the services sector between 1961 and 1971 led to a 7.6 per cent drop in the proportion of gainfully employed in the secondary industry. But during the same period industrial employment in Vienna fell by 19 per cent.

Vienna's industrial base is particularly strong in such sectors as chemicals, metal goods, the electrical industry, foods and beverages. The proportion of finished manufactures, capital goods and consumer durables is 44 per cent compared to 30 per cent for the country as a whole. Its structure is characterised by small and medium firms. The trade sector, mainly small or family firms with a production staff of less than ten people, contributes 19 per cent of the gross regional product.

Turning to industry as such, one in three employees works in enterprises with less than 50 people, and only 187,990 out of a total of 644,900 are employed by companies with a production staff of over 500.

Another important feature of Viennese industry is the relatively low share of exports: 23 per cent compared to 30 per cent for Austrian industry in general. Because many companies have their headquarters in the capital, costs are higher and capital spending is 25 per cent below the Austrian average. The unfavourable structure in terms of size and the downward trend in investments are regarded as the two key problems, which in turn explain the need for the wide range of investment promotion measures sketched out elsewhere in this survey.

Construction, accounting for 24 per cent of the Austrian output, commerce, including also foreign companies concentrating on Eastern trade, the tourist industry, banking (accounting for 41 per cent of total employment in Austria), insurance and, last but not least, federal and public administration continue to dominate. The growing importance of the tertiary sector was revealed by the 1971



A new apartment block on Magdeburg Street.

census figures as compared with 1961. These showed a 38 per cent increase in the number of employees in the banking and insurance sector, raising their proportion to over 7 per cent of total employment, while the self-employed share fell from 10.1 to 8.8 per cent.

The shift from production to administration is evident in the rise in the numbers of white collar workers, public employees and civil servants from 41.5 to 51.6 per cent of the labour force. If one adds to these figures a 15 per cent increase in the number of pensioners and a 12 per cent fall in the active population, one gets a fairly correct picture of the sociological trends in a city in search of a role.

However, the picture would not be complete without a reference to the eastern region as a whole, consisting of Vienna, Burgenland (both ruled by the Socialists) and Lower Austria, governed since time immemorial by the conservatives. For all the westward shifts, this Eastern region still accounts for 47.1 per cent of the Austrian GNP, representing by far the most powerful region. However, both Vienna and the two neighbouring Länder have been badly hit by narrow-minded regional competition, accentuated of course by the rush for foreign and domestic capital. Economic and administrative common sense at long last this year proved stronger than sectarian interests. The three governors (Landeshauptleute) of the three Länder last April signed a "state treaty" about a joint supra-regional planning body. In addition to having an institutional and common body to represent the three provinces in the negotiations with the federal authorities, Vienna is particularly interested in combating in a more efficient fashion the efforts of its neighbours to lure investors and labour away from the capital through tax and other concessions.

Here, however, bureaucracy is obviously a major factor. Thus Dr. Busek, the People's Party leader, mentioned as an example that an investor needs to have the go-ahead from 42 different departments of the city hall, while in the neighbouring small town of Vösendorf eight signatures suffice for such a project!

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announced the projected construction in 1913, on the eve of the war which ended with the collapse of the Austro-Hungarian Empire.

Other projects include the completion of the controversial UN city on the banks of the Danube which from 1979 should house some 4,000 international civil servants and accommodate an international conference centre. The city is providing 35 per cent of the construction costs, which are now expected to total over the equivalent of £400m. At the same time the municipal authorities have launched a costly flood protection project involving the creation of an artificial island on the Danube. The belated construction of one of Europe's largest hospital complexes, AKH (Allgemeines Krankenhaus) has cost so far Sch 4.4bn and at least Sch 18bn more are needed to complete the projects which will provide 2,100 beds for patients.

The list would be of course incomplete without mention of the bridges. After a thorough overhaul the Floridsdorf bridge will be re-opened to traffic just after the October poll—a move which is regarded as clearly politically motivated by the opposition. The Reichsbruecke, which disappeared into the Danube suddenly and mysteriously one August morning two years ago, will be rebuilt by 1981-82.

In all the municipality will invest the staggering sum of Sch 47bn during 1978-82. In contrast to some critics who maintain that Vienna has embarked on over-ambitious projects which are bound to overtax its real financial strength, such a cautious banker as Dr. Karivak, director general of the Zentralsparkasse der Gemeinde Wien ("Z") stresses that the investments have turned out to be a blessing at a time of recession and sluggish demand.

Yet Dr. Busek and his opposition colleagues call the Vienna budget a "budget of the seven veils" hiding a real deficit of Sch 3.6bn. This in turn is firmly rejected by Mr. Hans Mayr, the city councillor in charge of finance who maintains that the real shortfall was merely Sch 519m.

One of the most baffling features of the Vienna scene is in fact that even at the time of an election campaign the top representatives of the business community such as Herr Karl Dittrich, president of the Vienna Chamber of Economy which represents some 63,000 small entrepreneurs and self-employed tradesmen, publicly and privately pay tribute to the spirit of co-operation displayed by the socialist administration.

Herr Dittrich, who operates five companies producing building and packaging materials with a production staff of 150 and an estimated turnover of Sch 100m next year, meets Councillor Mayr every month, as well as the Mayor himself at reguar-intervals for informal discussion. At the annual conference of the chamber at the end of May Herr Dittrich proudly announced that the negotiations about the chamber's catalogue of demands for investment and credit promotion measures were "as always completed in a constructive and co-operative spirit" and most of the requests fulfilled.

This close co-operation is a novel feature, but nevertheless must be seen against the difficulties faced by a capital on the eastern fringe of a small land-locked country. Geography and a general westward economic shift, accentuated by the Soviet occupation of large parts of Austria until 1955 and the pull exerted by European integration, provide the background to the decline of Vienna's economic position in relative terms.

Stagnant

Thus though Vienna, with one fifth of the population, produces about 27 per cent of the Gross National Product. It should also be remembered that the respective share in 1964 was still 31 per cent. Put another way, GNP jumped by 68 per cent between 1964-76, but Vienna's regional product went up only by 44 per cent. The population in the west rose by 17 per cent between 1961-71 but remained stagnant in the eastern region (Vienna and the Laender of Lower Austria and Burgenland). More important still, the active population in the east fell by 11 per cent while it remained the same in the west.

While the economic implications are reviewed elsewhere in this Survey, it must be stressed that all political groups seek to reverse the trend, to inject more dynamism into the economy and to strengthen Vienna's international position. But while Mayor Gratz is understandably satisfied on the whole with the performance of his administration, Dr. Busek and the opposition see ominous consequences in the dominating power of a deeply entrenched bureaucracy.

But the fact alone that now both the city administration and the main opposition party are led by widely travelled, well educated and cultured intellectuals is a hopeful sign that the trend towards the rule of pliable mediocrities can be reversed and that the cosmopolitan and anti-provincial traditions of this ancient city are still alive.

Help for the investor

THE AUSTRIAN Chancellor Dr. Bruno Kreisky and his colleagues will soon be visited by an unusual delegation. Called the "Executive Committee of the Viennese Economy," it was created recently and consists of Mayor Leopold Gratz, City Councillor for Finance, Hans Mayr, the president of the Vienna Chamber of Labour, Adolf Czettel and the president of the Vienna Chamber of Economy, Karl Dittrich.

At the initiative of the president, Mr. Dittrich, as spokesman of the business community, the members will press Chancellor Kreisky and his Finance Minister to reduce the previous lower limit of Sch 5m for investments which rank for an interest relief grant as part of the latest measures to promote economic expansion. Time and again, president Dittrich has publicly complained that only 6 per cent of the Vienna-based industrial firms invested more than Sch 5m last year and that 1,620 out of 2,101 enterprises each invested less than Sch 1m.

Meanwhile, the business community and the municipal authorities co-operate closely in providing a great variety of incentives, cash grants and assistance of all kinds, both for newcomers to Vienna and established firms. Thus, for example, on June 12 Councillor Mayr announced a new series of promotion measures ranging from cash grants of up to 10 per cent of the building costs of car parks near a business area up to 40 per cent of the costs of modernising existing hotels, but not building new establishments, and raising the limit from Sch 500,000 to Sch 1m for subsidised investments by small companies, which may receive a cash grant of 5.25 per cent of their building costs. These and similar measures were urged a few months earlier by the Vienna Chamber of Economy. The day after the Councillor's Press conference, the Chamber proudly announced that most if not all its requests had been heeded by the municipal authorities.

A recent leaflet "Investing in Vienna" lists no less than 37 various federal and municipal subsidies and investment pro- subsidies and investment promotion measures. One of the most important services is provided by WIBAG (Wiener Betriebsansieldungsgesellschaft), the municipal industrial siting corporation. Between March, 1969 and the end of 1977 it helped to set up or resettle more than 200 manufacturing and trading companies, involving investment made or planned to the tune of Sch 5.6bn. According to the latest estimates WIBAG has helped to develop 2.1m square metres of industrial property. In all some 23,000 new jobs were provided.

Last year, for example, WIBAG provided 319,000 square metres in 69 quality sites for 53 companies. Over half of the industrial estate area went to 19 companies which had moved to the capital and would generate 1,846 new jobs. WIBAG not only develops new industrial parks, but also rehabilitates and redevelops old factories. As an example Hutter and Schrantz, a well known engineering firm operated three separate plants with a total production staff of 600 in residential areas. WIBAG provided the company with a quality site of 80,000 square metres, with its own access to the motorway as well as water, drainage and communication facilities.

The drive to rejuvenate the capital's stock of industrial property is not without its critics among those concerned with protecting the environment. The municipality and Chamber of Economy, however, see no other solution than the deliberate promotion of industrial investment.

Less is said, of course, about the factory closures than the investment schemes. In order to understand the sense of urgency behind the spate of measures, one must turn to the recent comparative analysis of regional development compiled by the Austrian Institute for Economic Research. It reveals that in Austria last year 185 new industrial plants were set up, employing 4,667 people. But during the same period there were 192 closures affecting 4,090 employees. In Vienna 40 new companies were founded with 545 jobs—yet in the same year 65 closed down involving 1,333 people.

This is the reason why last year the Vienna authorities acted to reduce the financial burden on newcomers or those seeking to expand their operations. Under the new scheme investors can lease sites from the municipality, paying only 10 per cent of the market mortgage rates. Up to 2,000 square metres can be acquired by small and medium firms.

The investor pays for a period of five years for a site of 2,000 square metres at the current price of Sch 450 per square metre, an annual interest of only Sch 90,000. After five years he can decide whether he wants to purchase the land at the market price ruling at the time of his contract, which is linked to the price index. However, he is allowed up to 25 years after taking the lease to decide whether he wants to buy the land. The scheme means that the investor can concentrate his spending on plant construction, equipment, etc. There is keen competition for the lots.

Councillor Mayr announced that 1m square metres in the south of Vienna will be developed as a new industrial zone, also used for the special lease scheme.

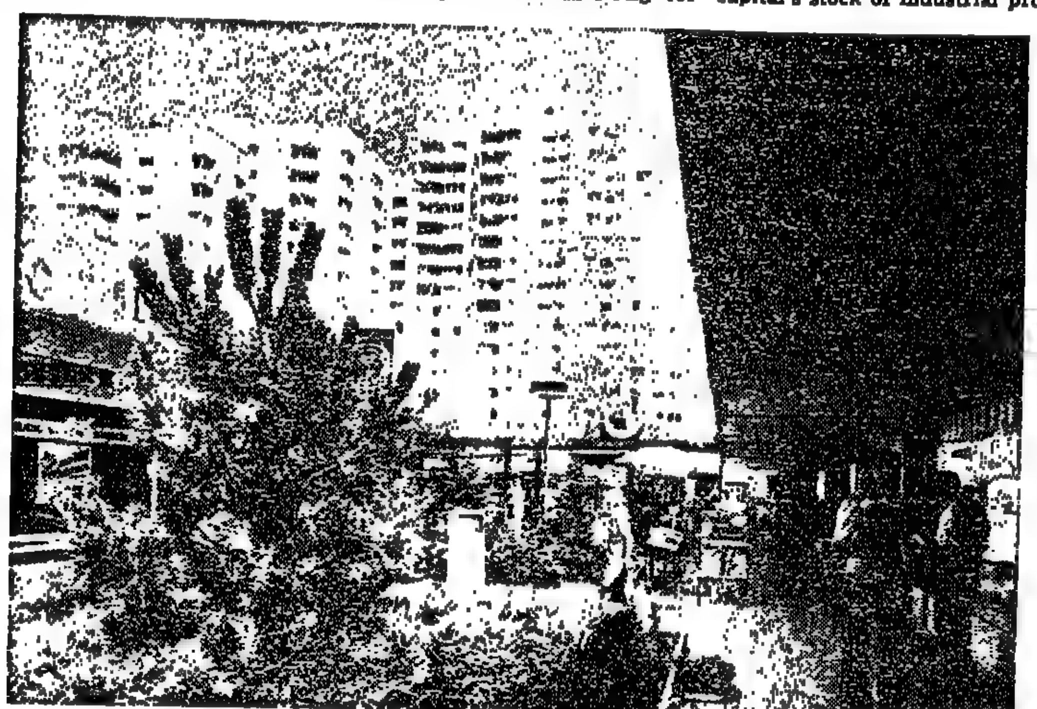
Another new venture is the recent founding of the "Innova Ges.m.b.H" at the initiative of the Zentralsparkasse. The municipality holds 90 per cent of the capital and the "Z" the remaining 10 per cent. However, the rest will later be divided between the "Z", the Erste Österreichische Spar-Casse, and the Chambers of Economy and Labour. In the initial phase, the company finances 40 per cent of the costs involved in developing and applying new technology, up to a ceiling of Sch 5m. The company acquires in exchange an interest in the project which is retained until the original loan is repaid. So far some 50 projects are under study. The "Innova," of course, takes a calculated risk, but may be later involved in a successful venture. As director General Vak of the Zentralsparkasse stressed, the aim of the new venture is not to make profit but to promote genuine innovations and technological progress.

The scope of the measures announced by the federal and municipal authorities is so wide and the problems so intricate that the city authorities have now opened a new information centre (jointly with the central savings bank) with a permanent staff of three experts and 12 part-time consultants to advise investors and small entrepreneurs about subsidies, grants and taxation relief. The Vienna Chamber of Economy also operates a regular service for small and medium companies. Last year 700 firms were assisted in such matters as accounting, organisation, salesmanship and management priorities

The preliminary draft of the city development plan, now circulating among experts and officials, spells out that promotion of the secondary sector must be regarded as the motor of the Viennese economy. High quality, technologically advanced and innovative branches are regarded as the priority targets. The series of recent measures taken by the administration, the banks and the representatives of the business community show the awareness of the problems facing the capital.

The figures for 1977 have lent an added urgency to the debate. While Austria's gross national product (without agriculture and forestry) grew by 3.9 per cent, the Viennese economy recorded only an increase of 2.2 per cent. While the secondary sector in Vienna was up by 1.8 per cent, the comparative Austrian figure stood at 4 per cent. This is the reason why, regardless of political colour and despite the electoral skirmishes, municipal authorities, chambers and banks, socialists and conservatives are joining forces in making special efforts to help growth industries and to attract investment from both within and without Austria.

Mr. Karl Dittrich, President of the Vienna Chamber of Economy, and Mr. Kehrer, Director of the Chamber, with a new issue of the Chamber's weekly publication.



A shopping precinct in one of the new suburbs

The battle with the provinces

IN APRIL this year Vienna fired the opening shot in the campaign for a new deal on redistribution of the transfer payments from Länder to the Federal State. At issue is the controversial and periodically renewed financial settlement, the Finanzausgleich. To give a concrete example, the Federal State receives currently 59.1 per cent, the Länder 22.7 per cent and the municipalities 18.2 per cent. As Vienna is both a Land and a municipality, it is generally believed that the capital participates twice and thus enjoys a privileged position.

In a recent lengthy study, Councillor Mayr, responsible for finance and economy, not only angrily refuted this argument but also stressed that in fact Vienna was putting much more into the central money bag than the others and receiving less back. According to his figures, Sch 7.8bn of the taxes collected in Vienna were channelled to other provinces and communities. For all the obligations of Vienna as the strongest economic centre, the Councillor, speaking on behalf of the city administration, found it odd that the syphoning-off had already reached 70 per cent of the revenues that remained in the city treasury. Or put in a simple way: if Vienna gets back one Schilling under the financial settlement, a further 70 Groschen in Viennese tax revenues are transferred to the economically less potent regions and communities. Thus it is more than an injury, it is an insult if Vienna is accused of "profiteering" from the transfer settlement, he added.

Needless to say, the Viennese authorities use every conceivable argument, from the employment of the commuters and the awarding of the contracts for the Vienna underground to the subsidies for water regulation and road building, in order to prove that the capital is, as it were, "exploited."

This is, of course, a double-edged argument, since without the 100,000 commuters from the surrounding regions Vienna could not generate the production and investment and by implication also the tax revenues. But the situation is different with regard to traffic and, above all, hospitals. Thus, for example, 20 per cent of the hospital days occur because of non-Viennese patients, which in turn meant an extra burden of Sch300m-400m last year for the Viennese taxpayer.

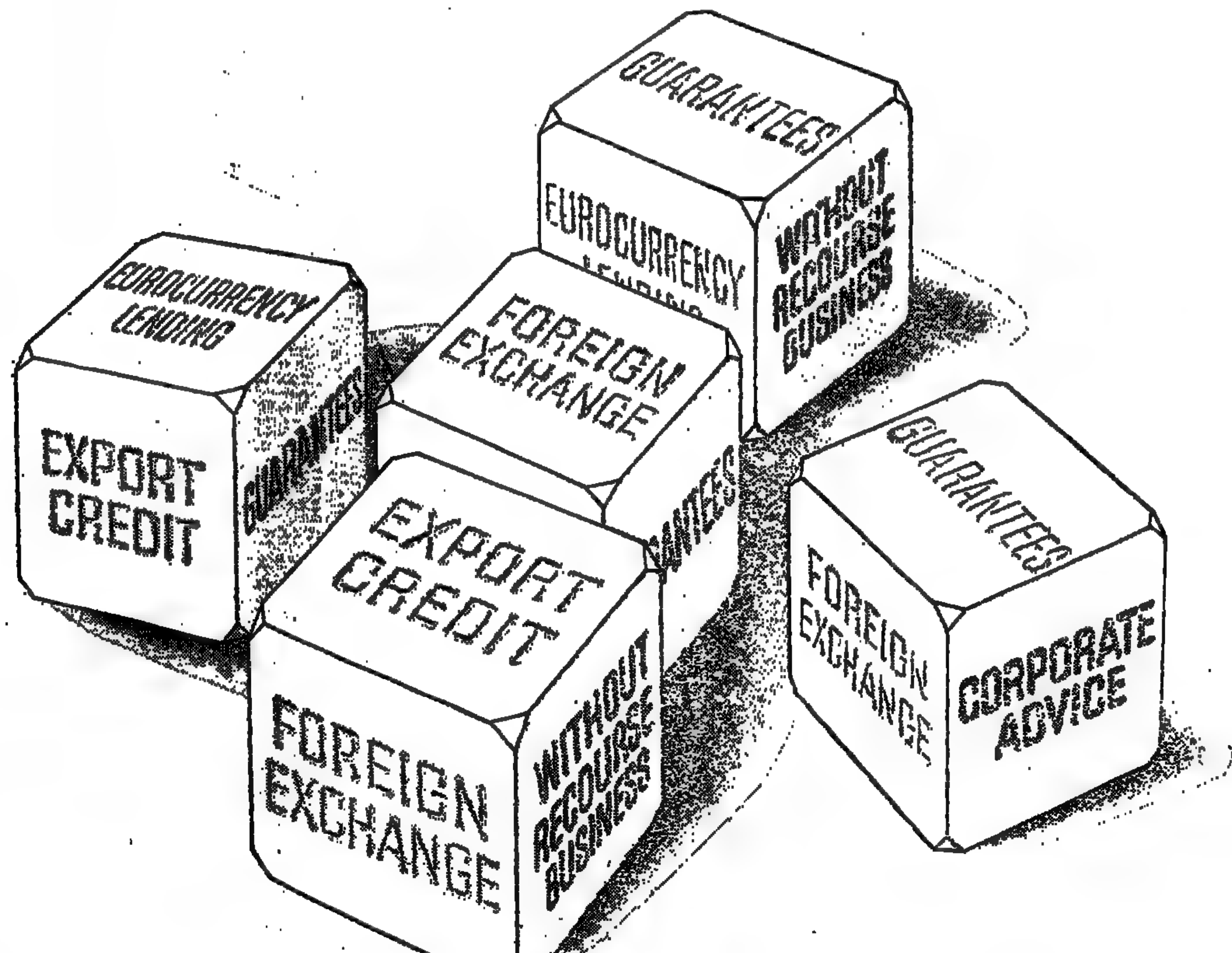
The falling population of Vienna is not the main reason for the capital's lower share of transfer payments. Thus in 1922 Vienna accounted for 27.7 per cent of the population, and received 54 per cent. Today the population stands at 21 per cent yet Vienna receives only 24.7 per cent of the aggregate taxes subject to the financial settlement, while it provides 44 per cent of the total. The following taxes are subject to a division among federal, regional and communal authorities: income, wage, profit, turnover, beer, spirits, gift, housing, cars, casinos and death duty.

Meanwhile the urban centres are faced with increasing financial burdens in the form of expenditure on health and welfare (a deficit of Sch 4.6bn this year), public transport, including the underground (Sch 5.2bn), renewal and protection of buildings and monuments and economic promotion measures. The latter alone involve Sch 820m for creating new industrial zones and Sch 1.3bn for other subsidies and grants, both in the period between 1978 and 1983. The financial accounts of the capital show that during this period, even without additional investment, there will be a shortfall of Sch 9.2bn although investment will be gradually cut by 30 per cent, from Sch 9.3bn to Sch 6.4bn.

What, then, are the main demands of the city administration? First, a change of the distribution key between the largest and the smallest communities from 1:1 to 1:2; which serves as an accounting basis for the complicated splitting procedures. Second, special attention should be paid to special problems such as urban and commuter transport. Third, a contribution to the costs incurred by hospital treatment of non-residents in Viennese hospitals.

The federal Government has, of course, provided additional assistance for the Vienna underground, and further help to the tune of Sch 3bn has just been announced for the building and renewal of the Danube bridges and the construction of the motorway to Schwechat Airport.

On the eve of the forthcoming elections the ruling Socialists must be seen as fighting on behalf of their city regardless of the fact that their comrades sit on the federal Government. But beyond short-term political considerations, there are tangible regional interests involved, often pitting Socialists against other Socialist office-holders. Another important factor colouring such seemingly abstract conflict over transfer payments is the deeply entrenched animosity or at the very least aversion in the provinces against Vienna, and vice versa.



An international meeting place

VISITORS TO Vienna are bound to notice sooner or later the changing skyline on the banks of the Danube. Amid green fields rises the so-called UN City, a large complex of modern buildings providing permanent office space for 4,500 international civil servants working primarily for two UN organisations in Vienna. The ambitious and controversial project, involving total investment costs of Sch 12bn, should underline the role of Vienna as a centre of international diplomacy and as, in fact if not in name, the third UN metropolis after New York and Geneva.

As a side effect, it has, of course, given a new fillip to the ever - simmering jealously between the two neighbouring neutral countries, with Switzerland having incomparably the stronger starting position, but Austria quickly catching up simply by virtue of its membership of the UN. Malicious Swiss observers also like to mention the fact that Vienna's future as a UN centre also looks bright because of the initiative of UN Secretary General Kurt Waldheim, himself a former Austrian Foreign Minister.

The idea for the UN city was first conceived in 1966. The International Atomic Energy Agency (IAEA) has been in Vienna since 1957, and the United Nations Industrial Development Organisation (UNIDO) began to operate in 1967. Since then the original demands for a capacity of over 7,000 have been reduced to some 4,500. For years, the organisations had been pushing for permanent office facilities and only at a very late date agreed to the limit suggested by the Austrians, who put up all the money needed for the facilities: the federal state finances 65 per cent and the municipality of Vienna the rest of the investment and operating costs. The UN organisations have to pay only a symbolic rent of one Austrian schilling.

With the growing uncertainty concerning the originally planned expansion of UN personnel, Austria is now faced with the problem of finding provisional or permanent tenants for the unused space in the course of redevelopment schemes. The attempts to move even a few hundred of the 13,000 UN employees domiciled in Geneva to the Austrian capital generated so much publicity that a major shift from Geneva to Vienna appears unlikely in the foreseeable future.

Be that as it may, Vienna's bid for recognition as a centre of international diplomacy is also regarded as a vital factor of international security for a small country with a minuscule army, sharing a common frontier with two Warsaw Pact countries—Czechoslovakia and Hungary—and in the south with tension-ridden Yugoslavia. The Austrians also learned with a vengeance on December 21, 1975 the disadvantages of providing a meeting place for international gatherings. On that day, a pro-Palestinian terrorist gang occupied the headquarters of OPEC, seized some 70 hostages, including ministers from 11 oil states and killed three people, among them an Austrian policeman. Despite this spectacular act of terror, and the much-criticised failure to provide more adequate security precautions, OPEC has so far remained in Vienna. But rumours continue to circulate about a move back to Switzerland, partly due to the persistent prodding of the Saudi Arabian oil minister Sheikh Yamani, who for family reasons would prefer Geneva. According to the latest available figures, there are altogether 2,260 employees of international organisations recorded in Vienna, with Austrians accounting for about 1,000 of these.

Enviable

In any case, the city administration, the political opposition, as well as the major banks are whole-heartedly in favour of Vienna's internationalisation. The capital of a country with a sound economy, one of the hardest currencies of the world and the enviable record of social peace, dedicated to both neutrality and western democracy, is ideally suited to become what Chancellor Bruno Kreisky once called "one of the political capitals of the world."

Since January, 1973 Vienna has been host to the 19-nation east-west talks on troop reductions in Central Europe (MBFR) and one should also remember that the Soviet-American Strategic Arms Limitation Talks (SALT) alternated for 2½ years between Vienna and Helsinki, before moving to Geneva in the autumn of 1972. The much-publicised meetings of President Sadat with Israel's opposition leader Mr. Simon Peres, the important conferences attended by former U.S. Secretary of State Henry Kissinger and his Soviet counterpart Andrei Gromyko, coupled with the various, albiet so far unsuccessful, Greek-Turkish Cypriot meetings on the future of the divided island, have also contributed to Vienna's image as an international meeting place.

But the Austrian capital is also an important centre and contact point for east-west trade. It is estimated that there are about 400 important firms in Vienna concentrating partly or primarily on trade with Eastern Europe. Among them are 120 major U.S. companies, 70 West German, 50 Japanese and 30 British companies. In turn, some 40 East European firms use Vienna as a base for trading operations with the West. No other non-Communist country except Finland sends such a large proportion of its exports—between 18 and 20 per cent, including Yugoslavia—to Eastern Europe.

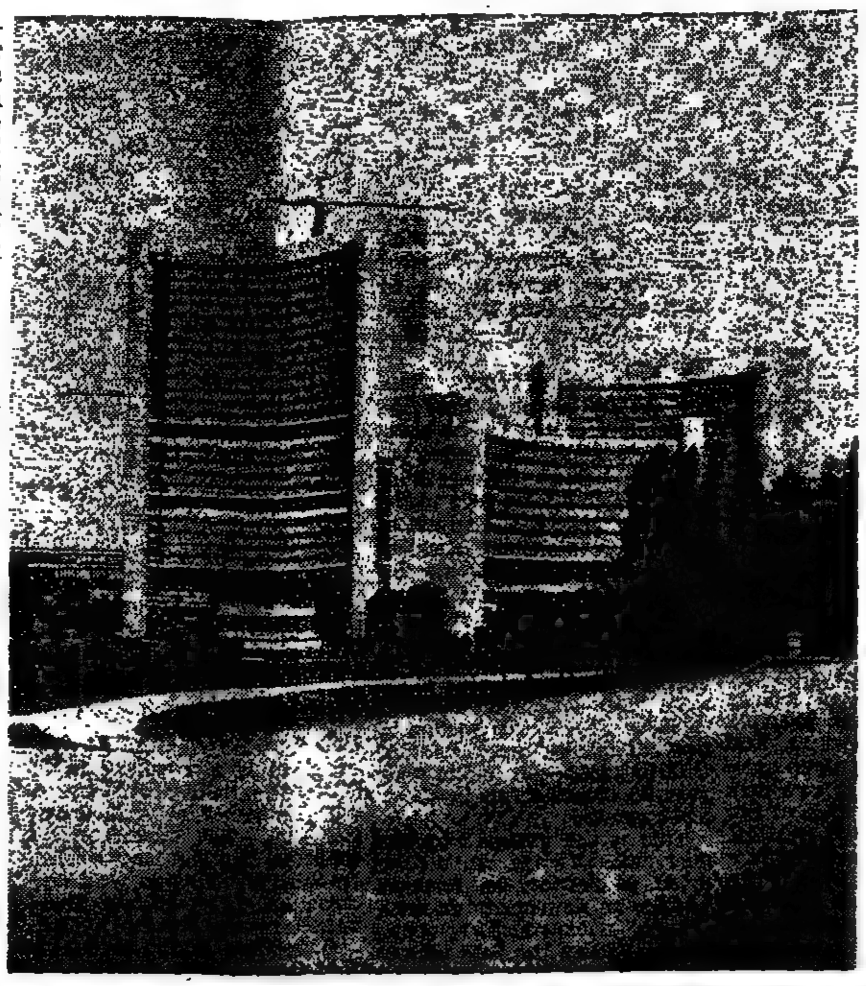
The tradition of specialised knowledge and intimate know-how of the Danube basin explain the success achieved by Austrian operators in compensation and switch deals. It is estimated that one-third of the switch deals was in the period of primarily bilateral trading done through Vienna. It is also reckoned that about 35 per cent of the compensatory payments arrangements between East and West (excluding trade with the Soviet Union) are handled by Austrian intermediaries or have originated in Vienna. The fact, for example, that the Hong Kong Trade Development Council recently moved its European headquarters from Frankfurt to Vienna is regarded as a significant straw in the wind. Since the mid-1960s, when the Bank of America set up a Vienna branch and Chase Manhattan launched a joint venture with Girozentrale, the head institute of the Austrian savings banks, about a dozen important U.S., French, Japanese and Canadian banks have opened branch offices here.

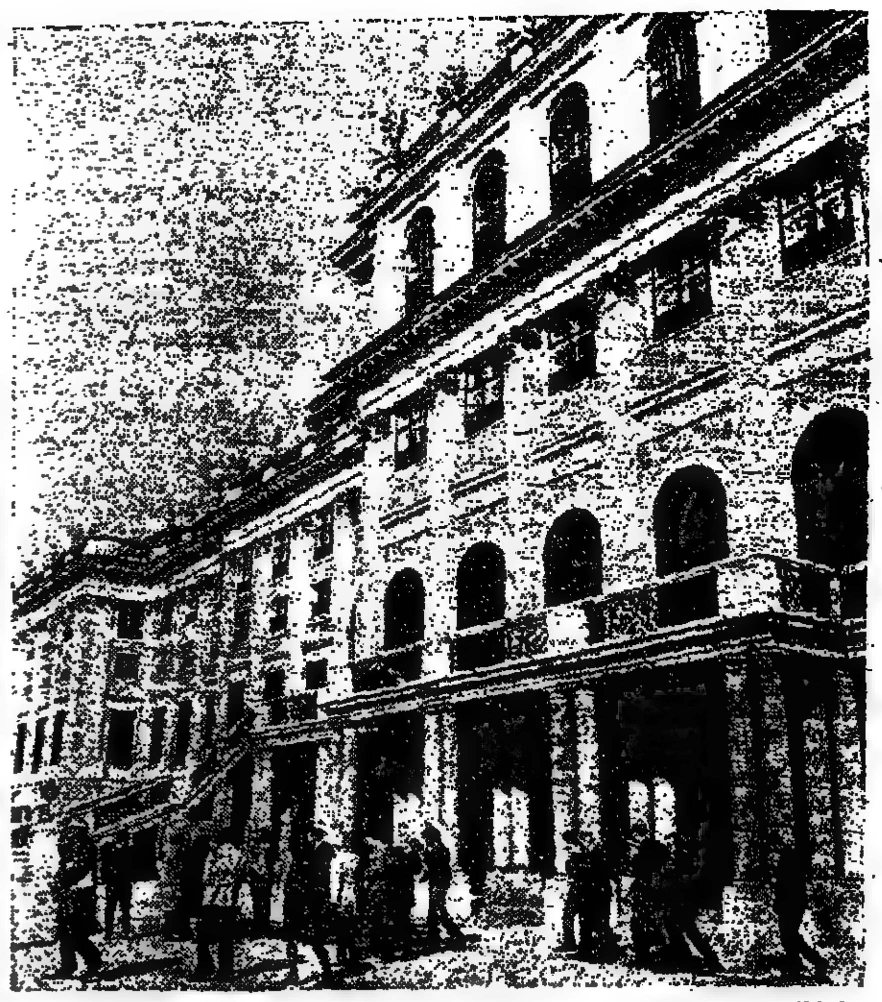
Particularly interesting signs of the significance of the East-West trade are international ventures such as the Centrobank, set up at the initiative of several Austrian banks together with the Polish Bank Handlowy, Kleinworth-Benson of London, the Bank of Tokyo as well as Spanish and Italian credit institutions. The Soviet Union is represented through the Donaubank and the Garant Insurance Company. Hungary has for many years had a traditional banking outlet, called Central Wechsel and Creditbank AG, which has a 10 per cent interest in the Hungarian international bank LTS of London. As a new three cornered deal, Central Wechsel and Creditbank AG have together with the Zentralsparkasse provided as consortial partners of the Hungarian central bank a credit line for a plant to be built by the Austrian special steel concern VEW. Twenty-five per cent of the Sch 540m credit is provided by the Hungarian bank in Vienna, while 75 per cent is being put up by the Zentralsparkasse.

In any case, the Austrian banks have played a major role in providing finance for East-West trade, since Austria accounts for about 5 per cent of the aggregate exports of the industrialised developed states to Eastern Europe. The value of transit transactions accounts for 12 per cent of Austria's total exports. The value of the transit trade through Austria jumped from Sch 5bn in 1966 to Sch 26bn in 1975 and Sch 37bn in 1977. Eastern Europe accounts for 42 per cent of Austria's outstanding credit abroad. It is estimated that the indebtedness of Eastern European states, including commercial credit to Austrian banks and companies, rose from Sch 29.5bn to Sch 38bn between 1976 and 1977. Poland, followed by Hungary, are the most important Eastern European trading partners, but the greatest financial problem is caused by the growing deficit in trade with the Soviet Union.

Eastern Europe is also represented in force at the annual spring and autumn fairs in Vienna, which provide a traditional meeting place for traders from East and West. At the last spring fair, 1,640 companies from 32 countries, in addition to 1,771 Austrian exhibitors, displayed their products.

For reasons of history, geography, and expertise Vienna is well placed to fulfil greater functions in European diplomacy, finance and trade. However, regrettably, the Government has so far failed to heed the advice of senior bankers and create a more conducive tax environment for foreign investors, particularly international finance and trading companies.





Above left: UN City on the banks of the Danube has cost some £400m to build and is due for completion in autumn next year. Right: The Imperial Palace at Schönbrunn.

Wiener Holding's record of success

EVEN THE most critical observers of the Vienna scene acknowledge that something completely unexpected has happened. Four years after setting up a curious conglomerate, the so-called Wiener Holding Company for a group of disparate firms, its director general presented a record of success. Speaking at a Press conference in the first week of July, the chief executive of what is usually called Wiener Holding, Dr. Josef Machtl, announced that overall turnover, profits and investment have been rising.

In order to understand the odds against which this commercial and financial (as well as managerial) success has been achieved one has to recall the ill-fated history of Bauring, the construction and engineering company owned by the municipality with a production staff of about 3,000. Instead of concentrating, as intended, on housing projects above all in the capital, the company engaged in the building of an airfield in Saudi Arabia and other rather unusual transactions. The courts have never been able to trace the millions allegedly paid as kick-backs to Saudi princes and officials.

Subsequently the concern was split up into several companies. Two merged with other building companies, although the municipality retained 74 per cent and 50 per cent of the equity, respectively. Including the provision of capital for the

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Bid for a larger slice of the tourist cake

AUSTRIA IS still one of the great powers in the European tourist league, but it is not generally known that the city of Vienna has a relatively modest share in terms of the aggregate intake from tourism. Thus, for example, last year foreigners spent about 78.4m overnight stays in Austria but Vienna accounted for a mere 3.7m. Nevertheless those in charge of the Vienna tourist industry may find some consolation that as against an almost 1 per cent drop in the overall Austrian figure, the capital achieved a 3.8 per cent increase in the number of nights spent by foreign holidaymakers in the city.

It would, however, be wrong to take these figures at face value. The point stressed by economic experts is that developments in this volatile sector have been characterised in Vienna by a surprising degree of stability. Even in the years of economic recession, such as 1967 and 1975, Vienna managed to increase its share within the Austrian tourist industry and did not suffer such setbacks as occurred in other areas of western Austria. The so-called city tourism is less prone to ups and downs than the resort areas. Furthermore about 85 per cent of the tourists visiting the city are foreigners. More important still, the territorial distribution is much more balanced than that of Austrian tourism overall.

German

The Achilles heel of Austrian tourism is the preponderance of German tourists who accounted last year for 77 per cent of all holidaymakers registered in Austria. By contrast, in Vienna the German proportion is only 37.8 per cent. Although the share of visitors from the U.S. dropped from over 20 per cent to 14 per cent, it is still higher than the overall American share of a mere 1.7 per cent for Austrian tourism as a whole. Other important groups of visitors to the capital are the Swiss (5.2 per cent), Italians (5.1), British and French (4.1 per cent each), Dutch 4 per cent) and Swedes (2.9 per cent). The fall in British and American visitors in the early 1970s was offset by a rise in the number of visitors from other European areas.

Another important factor underlining the significance of Vienna is the predominance of "quality" as against mass tourism. Two-thirds of the visitors come from "good" or "very good" income groups and two out of three had visited Vienna at least twice before. It is also stressed according to answers given in a recent opinion poll, that the average visitor spends about Sch 822 per day, which is higher than the estimate for the country as a whole. Two-thirds of the overnight stays are recorded in the summer season (April to October).

There is no need to erect new hotels, but rather to improve further the quality and services of existing hotels and catering establishments. This is the reason why the latest investment promotion measures announced in June by the municipal authorities aim at the modernisation rather than the expansion of existing capacity.

The assistance scheme envisages cash grants of 15 per cent for the installation of new telephone switchboards, 20 per cent for new Telex machines, 25 per cent for lifts, and 40 per cent for improving plumbing and heating. The maximum permissible grant is set at Sch 225.000 for lifts in, for example, a hotel with 50 beds.

In addition to providing facilities for the individual tourist, Vienna is of course one of the foremost congress cities in the world. The number of conventions held in Vienna is claimed to have reached 378, with international gatherings accounting for 292 of these, involving 169,000 people in 1977. However these figures include those who attended the memorial day for the so-called Sudeten Germans and, if this mass jamboree is deducted, the actual figure of participants is about 70,000. As delegates at congresses and conferences are estimated to spend about 50 per cent more than the typical *holidaymaker* and stay an average of four days in Vienna, as against the 2.8 days for the tourist, congress tourism is clearly important for both the hotels and the retail trade.

Currently Vienna has 246 hotels, but almost half have less than 50 beds and only four have more than 500. It is reckoned therefore that the number of conferences will continue to rise without an automatic increase in the number of participants. Thus there is a continued demand for hotels with conference facilities for 100-200 participants.

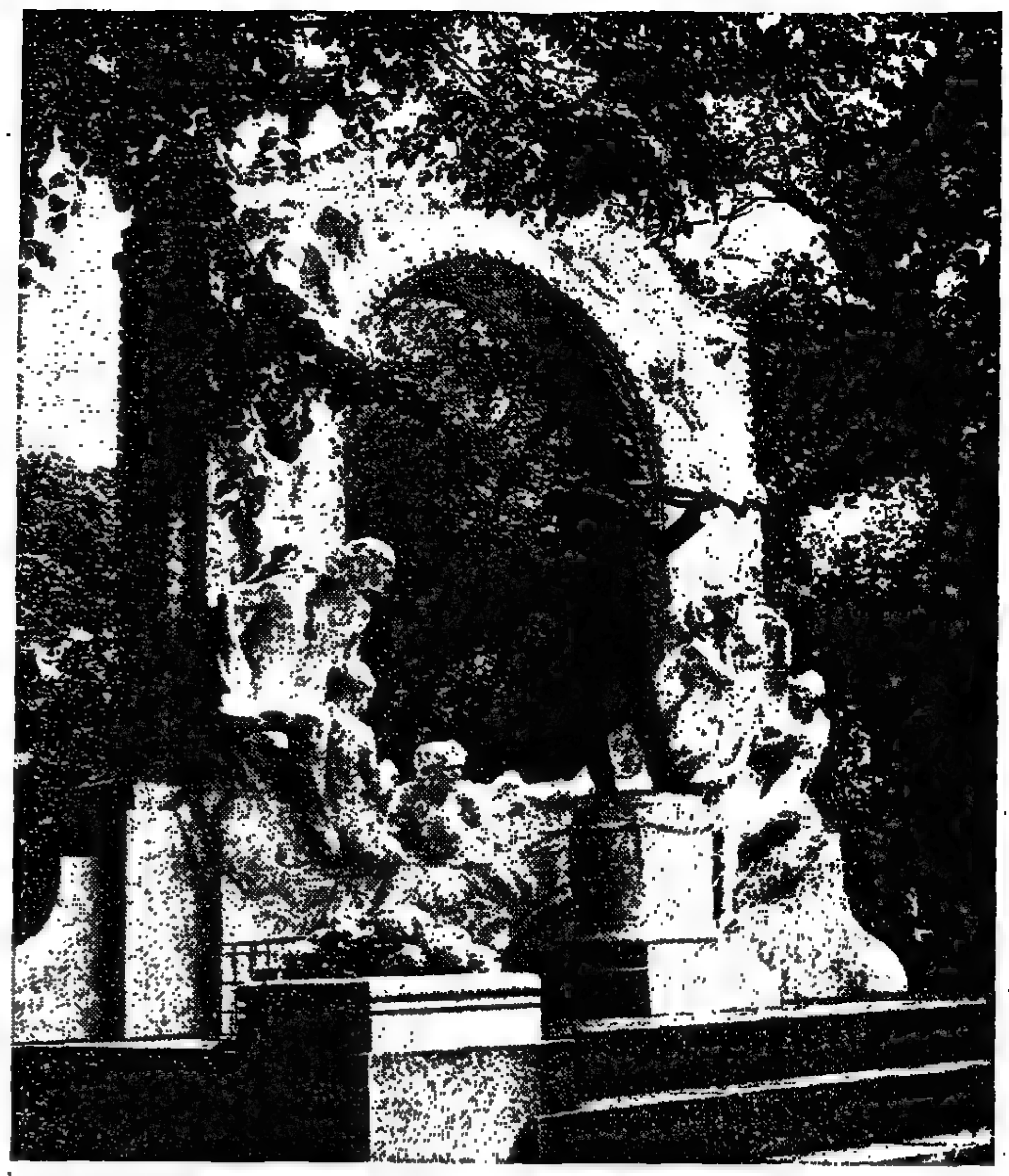
The most attractive of the convention halls is, as before, the Hofburg Congress Centre in the glittering state rooms of the Imperial Palace. In terms of atmosphere, history and facilities, Vienna is in a unique position to capture a larger slice of the congress tourism market.

There are, of course, domestic factors which also exert an influence on the tourism industry. Vienna, along with the rest of the country, is in danger of pricing itself out of the intensely competitive international tourism marks. According to Austrian figures, domestic price levels for tourists have risen in Austria in recent years more than in the principal competitor countries. Foreign tourists were hit by both rising prices and, in the case of the British, Italians, Americans and French, by the appreciation of the Austrian schilling against their currencies. No wonder that, according to an opinion survey, based on some 1,300 interviews in 1977, the single main criticism of those questioned was high prices: 6 per cent were dissatisfied with the quality of hotels and 8 per cent with the night life. On prices, 37 per cent complained about food and restaurants and 20 per cent each about hotel, clothing and drink prices. The survey also confirmed the continued domination of the time-honoured favourites.

Sightseeing

Thus, in terms of sightseeing, the Imperial palace at Schoenbrunn and St. Stephens Cathedral led with 60 per cent, followed by the Spanish Riding School and museums in general (41 per cent), the Prater and the Giant Wheel (37 per cent). Turning to evening entertainment, one in two visitors mentioned the Heurigen Wine Gardens, one in three the State Opera but only 9 per cent the Vienna Boys Choir.

In sum, for the average tourist, Vienna remains the city of imperial splendours and cream pastries, the famous Lippizanner horses of the Spanish Riding School and the Heurigen. In an era of rising urban crime, Vienna's reputation as one of the safest cities in the world is undoubtedly a significant factor contributing to its popularity both as a city for the individual holidaymaker and for the congress tourist.



The Strauss monument near the Cafe Hubner.

Success

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new conglomerate and the writing off of old debts, the Bauring affair has so far cost the Viennese taxpayers the equivalent of tens of millions of pounds.

Bauring proved, in some ways at least, a blessing in disguise. Mayor Gratz and his advisers decided to introduce a new system providing a better management control and co-ordination. The point is that the municipality has completely different enterprises, ranging from estate agents and construction to publishing and theatres, from spas and catering to the manufacturing of china and hospital equipment, from meat export and import to fair and port administration. The political backseat driving by local office holders and the failure of some prominent socialist politicians as members of the advisory board provided the background to the new venture.

Merged

Under the decision taken by the municipal Council in May, 1974, all communal enterprises in which the city has an interest of at least 50 per cent will be merged into the Wiener Holding. The aim was to recognise and to stave off such developments as might lead to a Bauring affair. The Holding consists of 29 subsidiaries and three enterprises which are managed by it. The interests of the owners are represented by the Councillor for Industry and Finance.

The holding is an instrument of the economc policy of the city of Vienna. This means it has to fulfil certain functions in accordance with the priorities of communal policy, but should also operate as a cost-conscious institution. In the past it was only after the damage had been done that the control bodies submitted their reports. Now, however, every subsidiary has to provide the holding company every month with the most important figures about its balance sheet. Furthermore, since last year, no professional politician can belong to the supervisory boards of the Holding and its subsidiaries.

The streamlining and the policy changes produced some surprising results. Thus it was announced by Dr. Matchl that the turnover of the group rose by 8.4 per cent to Sch 5.2bn last year. During the same period production staff was reduced from 6,968 to 6,728. Net profit was up by 47 per cent to Sch 28.8m, and operating revenues were over Sch 100m. Of the 32 firms under its umbrella, 19 produced profits.

Interesting changes also became evident with regard to the management's strategy. Thus, for example, in a new cable television company, Philips has 95 per cent but the municipality only a 5 per cent interest. With almost every new venture, the city authorities involved private firms. This was the case with the reorganisation of the mobile catering group. All this would have have been impossible, for example, ten years ago. The powerful Vienna Socialist Organisation was for many years regarded as the bulwark of diehard socialists. Now, however, after the bitter experiences with Bauring, even the most dogmatic Viennese functionaries realise that what counts is the management and the control of the companies concerned.

As positive examples one can mention the saving of the famous Augart Znffwosa Manufacturing, which found itself in serious difficulties. In the end the city took over 75 per cent of the equity and saved the company. One of the successor firms to Bauring, a building material company, was initially in difficulties, but after it was put on a self-supporting basis, it received so many orders that now several private firms would like to become its partners. At the time of its birth under a cloud, however, no private investor was interested in the company, the director general of the holding company drily remarked at his Press conference.

The streamlining and ruthless rationalisation, coupled with the pensioning off of incompetent managers, provided the basis for the transformation of the mood and the image of Vienna's industrial and commercial empire.

It is this outward-looking approach, the co-operation between the public and private sectors, and last but not least the steady curbing of political meddling, which are regarded as the main achievements during the past few years. The Municipal Council has set up a commission which supervises the activity of the Wiener Holding. There is still a lot to be done, particularly with regard to some ailing companies, but on the whole the Holding is one of the rare examples, praised even by the Opposition that Vienna can be a going concern.

APPOINTMENTS

Three new directors for Laporte

The following have been appointed as members of the board of LAPORTE INDUSTRIES (HOLDINGS): Mr. C. Loutrel, a main board director of Solvay and Cie, as a non-executive director; Mr. K. J. Minton, managing director of the general chemicals division, as an executive director; and Mr. B. H. White, group marketing manager, an executive director.

★

Mr. D. C. Leonard is joining the Board of WOODHOUSE AND RIXSON HOLDINGS as finance director from August 1. He was formerly finance director of Swift and Co.

★

Mr. Bernard Buckman has been appointed a second vice-president of the SINO-BRITISH TRADE COUNCIL. He is chairman of the Wogen-Buckton Group.

★

A corrected announcement by CARRINGTON VIYELLA states that Mr. W. C. Thomson, co-ordinator of Shell Chemicals, has been appointed a non-executive director of Carrington Viyella from August 1, not Mr. C. A. Thompson as reported yesterday.

★

Mr. J. K. McCrickard has been appointed a director and general manager of WELLMAN MANUFACTURING, a subsidiary of the Wellman Engineering Corporation. For the past 10 years Mr. McCrickard has been with the GKN group.

Mr. T. H. Bensted has retired from executive duty with the TILBURY GROUP but remains a non-executive director. He has been succeeded by Mr. D. F. Freestone as managing director of TBC Developments, A. E. Whichello, and Invicta Properties. Mr. Freestone has relinquished his directorship of another of the group's subsidiaries, Tilbury Construction.

★

Mr. Alan T. Smith and Mr. John Williams have been made members of the INLAND WATERWAYS AMENITY ADVISORY COUNCIL. Mr. Smith is the vice-president of the Staffordshire and Worcestershire Canal Society and Mr. Williams is chairman of the Association of Pleasure Craft Operators.

★

Mr. Patrick N. Clancy has been appointed a non-executive director of STAG FURNITURE HOLDINGS. He is a director of Cope Allman International, and is chairman of its fashion division.

★

Mr. Anthony Bradley has been appointed managing director of FOX AND OFFORD following its acquisition by the Transformotor Group of Tipton. He succeeds Mr. Fred Lupton who has retired but remains a consultant.

★

Mr. Allan Newell has been appointed managing director of TKM INTERNATIONAL TRADE FINANCE. Mr. Tom Harrison, Mr. Robin McWilliam, and Mr. Ian Sanderson, have joined the Board. Mr. Christian Williams has become managing director of Tozer Kemsley and Millbourn, the London-based operating company of TKM International Trade Finance.

Mr. Douglas G. Badham has joined the Board of ECONOMIC FORESTRY (HOLDINGS) and has been appointed chairman of Forest Thinnings.

★

Mr. F. D. N. Campailla, a director of CROUCH GROUP, has been elected vice-chairman in succession to the late Mr. W. F. Lyons.

★

Mr. Colin Gardner and Mr. David K. Wright have been appointed associates of GRIFFITHS AND ARMOUR.

★

Mr. Terry Jeaks has been appointed to the Board of SIMON-HARTLEY, a Simon Engineering company.

★

The INTERNATIONAL AERADIO group has appointed Mr. Edgar Carpenter to the newly created position of general manager, aviation marketing.

★

Mr. Dermot Leeper has been appointed to the Board of LEP TRANSPORT as regional director, Scotland division.

CAMPBELL FRASER JOINS BP

Sir Campbell Fraser, chairman and chief executive of Dunlop Holdings, is to join the board of the BRITISH PETROLEUM COMPANY on August 1. Marshal of the Royal Air Force Lord Elworthy is to resign from the BP board at the end of this month.

Sir Campbell Fraser

Executive changes at Unigate

Mr. John L. Read is to become deputy chief executive of UNIGATE from September 1 and will continue as chairman of the transport and engineering, and meat divisions. Mr. Patrick S. Griffith, group financial controller, has been made a director of Unigate and will succeed Mr. Read as finance director at the beginning of September.

★

Mr. W. C. Golding retired from the Board of the THOMSON ORGANISATION on his retirement from business.

★

Mr. Leslie Bousfead, company secretary and chief executive of TIMBMET, has been appointed to the Board of the parent company.

★

Mr. George Sked takes over as managing director of IRELAND ALLOYS LTD. from Mr. Austin Merrills, who remains chairman. Mr. Roy Dingwall and Mr. David Kinnear join the Board. Ireland Alloys (Holdings) will become an active company instead of a holding company and Mr. Merrills will be its chief executive as well as chairman. Mr. Eric Clyne, who will remain a full time director of Ireland Alloys Ltd., will become deputy chairman of Ireland Alloys (Holdings). Mr. George Horn, technical director and Mr. Denis Oliver, finance director, will cease to be employed directly by Ireland Alloys Ltd. and become full time employees of Ireland Alloys (Holdings).

Until now, shares in all the subsidiary and associate companies have been held by "Ltd." which was itself the sole subsidiary of "Holdings". The subsidiaries will now all become direct subsidiaries of "Holdings." These changes take place from September 1.

Ireland Alloys (Holdings) recently announced an agreement in principle to acquire a substantial share holding in the Klein Metal Group of Dusseldorf.

★

Mr. R. M. Garth, who has been in charge of the worsted spinning division since 1965, is retiring from the Board of JOHN SMEDLEY. He will be succeeded by Mr. M. B. Lomas and Mr. B. Walbank who have been appointed directors of the company.

★

Mr. R. Harvey, Mr. G. H. Hepburn, Mr. T. Millington, Mr. P. D. Minor, Mr. C. M. Sassarath have been appointed to the Board of the newly-formed Jersey based WIGHAM POLAND (CI), a member of the Wigham Poland Group.

★

Mr. E. G. Simmonds, at present manager, systems planning, MIDLAND BANK, has been appointed assistant general manager (planning) from August 1.

★

Mr. Richard Bryan has been appointed a director of DELANEY GALLAY DYNAMICS, Cricklewood, a member of the Lindustries Group.

★

Mr. P. A. Proto has been appointed sales director of MULTIGLASS from August 1. Mr. S. Stone has been made sales manager, southern area.

★

Mr. Christopher Wood has been elected managing director of BOC DATASOLVE. He succeeds Mr. Brian Mills, who remains chairman of that company and also chief executive of its computer services division.

Management

EDITED BY CHRISTOPHER LORENZ

WILLIAM DULLFORCE in Stockholm looks at how worker participation is faring

Why Swedish bosses like their worker directors

SWEDISH COMPANIES have operated with employee representatives on their boards for five years. The results have been neither dramatic nor alarming but have led to an interesting change of attitude. The employers have become more relaxed about worker directors and, on the whole, more favourably inclined towards them.

In spite of a new move last month, the unions have basically lost interest in worker directors *per se*, and have switched the thrust of their attack to achieving co-determination in management decisions at all levels, and greater control of company finances through profit-sharing funds.

Compared especially with Britain, Sweden is a small nation, with a long history of close and mutually beneficial co-operation among employers, managers and unions, even if this relationship has been under greater strain in recent years. The Swedish industrial climate, therefore, has been far more propitious to worker directors than it is now in Britain.

This does not mean that employers did not resist the idea. They would have preferred to develop the "voluntary" systems for board representation started by some companies, including Grånges, in the 1960s, but when the unions and Social Democrat Party put through the legislation, they complied gracefully.

The growing approbation among Swedish employers and managers for employee representation on boards — which are single, not two tier in Sweden — appears to have both a positive and a negative cause. The positive is the recognition that there is value in having shop-floor opinion and knowledge presented straight to the board. Some companies have also benefited directly because their worker directors have been able to solve problems with local labour boards and even in some instance promote company claims to government finance. Not all directors regard this last opportunity as an unmixed blessing, arguing that it could reinforce the unbusinesslike habit of turning to government whenever a company gets into financial difficulties.

Influence

The negative cause of the employers' approval is that the worker directors have in fact had little influence over financial matters. They have frequently been able to increase company spending on improvements to working conditions and work environment in general, but they have not so far been able to affect basic investment decisions.

One reason for this is undoubtedly that they form a minority and have only a limited capacity for opposing management proposals. Worker directors have voted in vain against dividend recommendations—one of the most recent cases was SKP—and in another instance they could not prevent the board of Grånges from deciding to sell off its entire shipping fleet.

One reservation needs to be made here. The Riksbank (Central Bank) has adopted the habit, when presented with an application to invest abroad, of asking whether the company's worker directors have approved the investment. So far this has been *no more than an inquiry* without a follow-up, but the implication that worker directors could exercise a veto over foreign investments worried employers.

Other factors providing for a smooth transition have been the constructive attitude of local union organisations who select the worker directors, the three-year trial period which gave companies the opportunity to get used to the system, and the fairly extensive training programmes for worker directors organised by the union federations with the help of the employers' association.

Nevertheless, negative comments on worker directors are far from unknown. For instance, their presence is said to "*formalise*" board meetings. One *chairman* said *bluntly*, "the difficulty of speaking *freely* in board meetings *diminishes the role of the board* in the management process. . . there is a risk that, if the employees on the board 'destroy' *meetings*, more power will pass to the chief executive and the chairman, as these two will then be the only body that can hold free discussions and make decisions."

Other directors concur that the introduction of worker directors could have the unexpected effect of increasing the power of the management. Looking at it from the opposite angle, one union official saw an increase in union influence in this situation. "The managing director is more reluctant to go to the board with proposals which do not have union backing, so we get greater consultation before matters are taken to the board."

How relevant is all this to the current debate in Britain about worker-directors? One *important* characteristic of Swedish company boards is that they have a majority of outside directors. A recent survey by the Federation of Industries showed that only 36 per cent of the directors of manufacturing companies were full-time employees (including the worker directors).

The managing director is, in almost all cases, a member of the Board. He is a specific legal entity in Swedish law, responsible for running the company under the guidance and direction of the Board. There is no clear demarcation of responsibility between the Board and the managing director but a recent trend in some of the larger Swedish companies towards setting up a management group round the Managing Director could be interpreted as moving in the direction of a two-tier Board system.

Otherwise Swedish directors tend to see the two-tier structure practised in Germany and proposed in the EEC Green Paper as a way of meeting the objections of Continental trade unions to assuming responsibility for the day-to-day running of a company. Their problem is different, in that the Swedish unions both have less reluctance to take such responsibility and are seeking other ways than Board representation to obtain it. The Swedish union position, in simplified form, is that they will not aim at greater Board representation before they have more control of capital through profit-sharing.

Erland Waldenstroem, past chairman of Grånges who first introduced voluntary worker directors

The problems of board representation for employees not belonging to a union and for middle managers do not arise in Sweden. Some 90 per cent of all company employees are organised in unions belonging either to the LO, the blue-collar federation, or to the TCO, the white-collar federation. In most large companies application of the rules has meant that the LO and TCO each appoint one employee director.

Incompatible

In effect, however, the worker-director idea in Sweden has been overtaken by the prospects of direct co-determination enshrined in the 1976 Act, over the application of which the employers and unions are still negotiating. The future role of worker directors will depend on the outcome of these long-drawn negotiations, especially as some lawyers see an incompatibility between the co-determination Act and the legislation on board representation.

Last month's developments do not alter the basic approach, despite outward appearances.

At the end of June the Social Democratic Party executive and the labour federation LO agreed to defer until 1981 a decision on LO's proposed share-owning employee funds. Instead, they said they would press for more worker directors on the boards of companies with 500 or more employees and for the establishment of "structural funds" to finance industrial redeployment.

The revival of the worker director idea is a sop to the party and union "hawks" and does not reflect any conviction that greater Board representation will achieve the labour movement's long-term goals. Both the party and LO chairmen emphasised their commitment to greater worker control over company finances and to some form of share ownership for employees as the next step towards economic democracy after the co-determination act.

The policy change was dictated partly by tactical considerations and partly by a feeling that the fund scheme is not ready. The Social Democrats hope to regain office in the 1979 election and recent opinion polls have indicated that the fund idea does not command majority support among Swedes. Party leaders feel also that in its present form the fund scheme is clumsy and would be difficult to implement.

FOR three years from July 1, 1973, worker directors were introduced in Sweden under a trial act, which gave the employees of limited stock companies or co-operatively owned concerns with at least 100 people on their payrolls, the right to appoint two board directors and two deputies.

The local trade union organisations appoint the worker directors. If the unions cannot agree among themselves whom to choose, the two unions with the largest number of organised employees in the company select one each. If more than four-fifths of the employees belong to the same local union organisation, it can appoint both employee directors. By February, 1975, the unions had claimed and obtained board representation in 80 per cent of the companies covered by the Act.

A new permanent Act came into force on July 1, 1976. This lowered the statutory number of employees from 100 to 25, thereby increasing the companies covered from roughly 2,000 to 8,000. It also resolved the problem of worker representation on the boards of parent companies of conglomerates by decreeing that the employee directors on the parent company board should be selected by all group employees. An amendment to the Companies' Act stipulated that for a board decision to be valid, all directors should, as far as possible, have the opportunity to take part in discussing the matter and all should have sufficient material available to them to be able to take a decision.

The employee director acts represented a significant change in trade union tactics.

The shifts in labour legislation

Previously both the LO, the blue-collar workers' union federation, and the TCO, the white-collar workers' federation, had preferred to use the collective bargaining apparatus to obtain concessions from the employers. The resort to legislation has also produced a co-determination act, which came into force at the beginning of last year.

Pragmatism

From the employers' point of view this trend has been an unwelcome radicalisation of the trade union position. It is seen as a departure from the pragmatism which characterised the labour movement during the prosperous 1950s, and 1960s, towards a more ideologically motivated stance. Over the past two years there has been a corresponding stiffening within the employers' association. It explains this tougher attitude, though, rather as being motivated by Sweden's deteriorating economic situation than by any political intention.

One of the most spectacular gains in union eyes this decade has been the abolition of "Article 32." This formed one of the statutes of the employers' association, had been in force since the beginning of the century and was included in all collective agreements between unions and employers. It maintained the employer's right freely to hire and dismiss workers, to supervise and allocate work and to employ workers who were not union members. The principle was accepted and applied by the Swedish labour court.

The new co-determination act reversed this principle, it contained its own Article 32 which specified: "The parties to a collective agreement on pay and employment conditions must also, if the union side so requests, reach collective agreements on co-determination for employees in matters concerning the conclusion and cancellation of employment contracts, the supervision and allocation of work or other aspects of management."

The power of the employer to hire, dismiss and allocate work had effectively been eroded by earlier collective agreemnts and by practice, but the new Article 32 formally changes the emphasis in that it brings management decisions into the arena in which unions can resort to industrial action, in order to obtain co-determination.

Primary right

Moreover, the act reinforces the unions' influence by imposing on the employer the so-called "primary right to negotiate."

The relevant sentence runs: "before an employer decides on any important change in his operations, he shall on his own initiative summon to negotiations and negotiate with the trade union to which he is bound by a collective agreement." This means basically that a Swedish employer can not take any major decision without having negotiated the matter first with the unions. Exceptions are allowed, when special reasons make the postponement of a decision impossible, but an employer is liable to pay heavy damages, if a union can show that he had insufficient grounds for not negotiating with it first. It must be stressed that under the act the employer is entitled to take his decision by himself, if negotiation does not lead to agreement.

The co-determination act also obliges the employer to keep the unions continuously informed on financial and production developments within the company. It gives the unions the right to inspect the company's books, accounts and other documents and in certain circumstances to veto the hiring of sub-contractors. On some disputed questions the union interpretation will apply until the matter is finally resolved.

Application

The act, however, represents a return to Swedish labour market tradition in that the application of the principles laid down has been left for negotiation between the employers and unions.

Although the act came into force last year, no collective agreement on co-determination has yet been made. It is thus still too early to gauge the new balance of corporate power between employer and union.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Plots oil well bore

BASED on the inertial navigation systems developed for such aircraft as the Harrier and Tornado, Ferranti has produced a 10-inch diameter cylindrical unit that can be used to measure the exact course of drilling down to 8,000 feet.

Preliminary trials have indicated that the equipment can produce positional measurements to an accuracy of six inches with respect to a starting reference point at the top of the bore. As the unit descends it provides data enabling a plot to be made of the bore in the two geographical axes and the vertical.

Such accurate positional information is necessary in gas and oil well drilling when a number of separate bores may be made quite close to each other—it is obviously vital that an already operational bore is not broken into.

Trials have already been conducted in association with Shell Expro in the Brent and Dunlin fields.

The gyroscopically stabilised platform used in the unit is maintained within one minute of arc of a fixed attitude in space regardless of changes in the attitude of the vehicle in which it is being carried.

Three precision accelerometers are mounted on the stabilised platform with their axes aligned mutually at right angles. One axis is automatically gyro-compassed to face north.

The accelerometers detect accelerations along all three axes and the output signals are integrated twice to give displacements from the known starting datum. This takes place while the device is in motion and the derived co-ordinates are recorded in a semiconductor store every 0.1 second. When the instrument is brought to the surface the results are transferred to a computer store for further analysis. Finally, displacement readings at specified depth intervals are produced and can be plotted.

Although the system, which is battery powered, can operate for several hours independently of external services, survey runs are usually quite short because the unit can be dropped into the bore at high speed—it has been tested in free-fall conditions at 1,500 ft/min.

More from Ferranti Offshore Systems, Ferry Road, Edinburgh EH5 2XS (031 332 2411).

Managers kept in touch

INNOVATING in management education, a public report series written by James Martin, of information systems fame, will provide managers with fresh and up-to-date guidance in areas of critical importance, having regard to the way in which minis and micros are eating into traditional markets.

This year, two reports in the series will be published giving a comprehensive review of distributed processing. The first report of some 200 pages, entitled "Computer Networks and Distributed Processing," is now available.

Butler Cox and Partners, a London-based consultancy firm specialising in computers, telecommunications and office automation is running the series. Since Mr. Martin's departure from IBM in April, he has taken up a part-time appointment as vice-chairman of the Butler Cox Foundation, the company's research association.

Members of Butler Cox include BOC, British Leyland, Burmah Oil, Courage, Distillers, ITT, Mars, Plessey, Spillers, Thomson Organisation, Unilever and Vickers.

Butler Cox at Morley House, 26 Holborn Viaduct, London EC1A 2HP. 01-353 1138.

Printer has a clock

A COMPACT drum printer developed by GMT Products is equipped with a crystal controlled clock and has a drum which runs only when a command signal is received.

Called the 404, the unit prints 16 numeric columns and two fixed spaces on a 55 mm (2¼-inch) paper which is automatically rewound. The printing speed is three lines per second and the crystal clock provides print-out of year, day, hour, minute and second. A pre-set timer can trigger printing at intervals between one second and 15 days.

The printed roll is visible through a perspex panel fitted to the top cover, allowing about 40 lines of print to be read.

Measurements of the unit are 131 × 197 × 408 mm and the weight is 7 kg. Robust, the printer is well suited for both OEM use and for application by end users in instrumentation.

The printer can be operated from the mains, a 24 volt DC supply or from re-chargeable internal batteries.

More from 22 Hartfield Road, Wimbledon SW19 3TD (01-947 7234).

● INSTRUMENTS

Acceleration measured

DEVELOPED BY G. V. Planer and already supplied to London Transport is a test instrument designed to measure horizontal acceleration and retardation in vehicles.

Design is based on damped cantilever with an optical pick-up system to measure the displacement of a seismic mass (proportional to acceleration).

Results appear on both meter and a liquid crystal display up to plus or minus 30 per cent and to an accuracy better than one per cent. Analogue and digital outputs are also provided for external recorders and instrumentation use.

The accelerometer, which measures 8.75 x 5.25 x 10 ins and weighs about 5 lb, is powered by internal rechargeable batteries and can also be operated from the mains or from 50 volt dc supplies.

More from the company at Windmill Road, Sunbury-on-Thames, Middlesex (Sunbury 86262).

● SAFETY

Flammable gases are detected

AN AIR driven aspirating system for use with gas detection equipment has been put on the market by Hazard Control, Binary House, Park Road, Barnet, Herts (01-440 7161).

It is designed to detect the presence of flammable gases from up to six points by drawing samples from potentially hazardous areas and feeding them to an integral gas detection sensor. The samples are drawn into a manifold mounted in the aspirator unit, from where they pass through an air filter to a sensor and on to a flow meter which is fitted with a photo-electric flow detector. Samples finally enter an air ejector where they are mixed with the compressed air used to aspirate the system.

Should any sample contain a flammable gas at or above a pre-set alarm level, a remotely mounted gas alarm detector will trigger an alarm. A flow failure alarm is also incorporated and this will act if the flow rate of a sample falls below the minimum required for satisfactory sensor operation.

The system is said to be simple to install and is available in a variety of operating modes with a wide range of detectors covering flammable and toxic gases and oxygen deficiency.

For certain types of work, the device shown here attached to a typewriter could prove very useful. The copy is magnified and illuminated and there is a footswitch for moving the copy up or down. The device which could also be used for other keyboard work is being marketed by Delpa Systems (U.K.), 56, Chiswick High Road, London W4 1SZ.

● OFFICE EQUIPMENT

Calculator cuts the corners

EASILY portable, battery or mains-operated desk calculator from Brinlock is powered by two U2 batteries.

Brinlock 106 has large keys and a full size easy-to-read green display in a compact 6½ by 6½ by 1½ inches.

It is a compact office equipment product rather than a scaled-up pocket calculator. Features include 10 digit green display, four functions, directly addressable memory, automatic per cent, exchange key, item count, floating or two places of decimals, and automatic or switchable constants.

It also has special facilities for calculating percentage increases. For instance, the user enters a buying price, followed by a selling price. Pressing the equals key displays the difference expressed as a percentage of the buying price. A second key depression displays the difference as a percentage of the selling price. This avoids all the subtraction, division and re-entry procedures normally involved in such calculations and is extremely useful for salesmen and small businesses, as well as large organisations.

Brinlock, 60 Kings Road, Reading, Berks. Tel: 0734 594662.

● FINISHING

Produces a much better surface

POWDER COATINGS are now being used to obtain a decorative and hard wearing finish on the handles of domestic electric irons manufactured by Hotpoint.

The handles are moulded in black phenolic, a plastics material which does not lend itself readily to conventional coating materials. Hitherto, Hotpoint has been using a two-pack polyurethane paint but apparently even with this there were problems and a high reject rate.

Hotpoint has now settled for a low-bake epoxy thermoset powder coating developed by Drynamels, a Tube Investments company.

In the conventional powder coating process used for metal components the powder particles are electrically charged and as the components are earthed the powder is attracted to the formers' surfaces. Subsequently the coated components are passed through an oven and this causes the particles to fuse to form a smooth finish.

For Hotpoint's plastics components some variation of this process was found to be necessary and it was found that adequate coatings could be formed by heating the handles to 120 degC during a pretreatment process and then applying the special Drynamels powder. The coated handles are then slowly stoved.

Capacity of the plant for this process is said to be 1,500 handles per hour.

● COMMUNICATIONS

Monitoring catches on

SINCE Minster Automation introduced its Tiger telephone usage monitoring system in 1972, a sufficiently viable market was seen by Interscan, which joined battle shortly afterwards, and by two more recent contenders, Systems Reliability of Luton and Bunzle Telecommunications.

To date at least 150 systems have been installed—a clear indicator of the emphasis now placed by companies with big telephone bills on trying to cut them down. Of the total, Minster is claiming the lion's share with 85, while Interscan has put in 56. Total value of the business involved is probably approaching £4m.

Opinions vary as to what these installations have saved their owners in reduced telephone bills—the supplying companies agree that, once the user has obtained statistical data as to how his PABX is being used, the saving obtained will then depend very much on how he uses it. However, it seems likely that between £1½m and £2m has been denied the Post Office.

One of Minster's newer installations, at EMI in Hayes, is, according to the maker, well on target to pay for itself in less than 18 months.

Installed in mid-1977, the system has already cut EMI's £¼m telephone bill at Hayes by 10 per cent and the savings—presumably due to new routines established—are expected to escalate during 1978 towards the 20 per cent typically produced by this kind of equipment.

Fibre optics on trial

AS PART of its efforts to improve communications in rural Canada and to stimulate industrial activity the Federal Government is to conduct a field trial of fibre optics technology in the small town of Elie, Manitoba.

Proposed by the Manitoba Telephone System and supported by the Departments of Communication and of Industry, Trade and Commerce, the programme is aimed at testing this technology under actual environmental and market conditions. It is thought that the programme will help the development of a fully Canadian industrial capability in this field, and determine whether the technology is suitable for improving telecommunications services in rural areas of the country.

The trial will deliver, through a fibre optics transmission system, single-party-line telephone service, at least five and possibly more TV channels, FM radio and some two-way computer interactive signals to allow for experiments in new services such as teleshopping or information retrieval.

The private sector and federal and provincial agencies will be invited to provide experimental services through the system so that subscriber reaction as well as the technology can be tested.

● PROCESSING

Automatic paint mixing

A SYSTEM which promises a simple, clean and consistently accurate means of proportioning and mixing two-component urethane and epoxy paints has been developed by Graco, 14, Tatton Court, Kingsland Grange, Woolston, Warrington, Cheshire (Padgate 823333).

Called the Blue Box, the system automatically meters and mixes low-viscosity urethane and epoxy coating materials ready for application by air or electrostatic spray. A feature is that the material is mixed automatically but only on demand from the spray gun; this eliminates pre-mix mess and labour and costly left-over material at day's end.

It is said to be ideal for air spray finishing of such products as computer cabinets, machine tools, domestic appliances, office equipment and metal and plastics components.

On the spot soldering

A SOLDERING tool called Actograp, intended for medium and heavy-duty work, is being offered by Ketton Trading Company, 49 High Street, Ketton, Stamford, Lincs PE9 3TE.

The replaceable carbon tip can be held straight or at 90 degrees to the shaft which may be adjusted in length by adding or removing optional extensions supplied to individual requirements.

The tool operates on a low voltage from its own AC mains transformer and current is used only when the tool is in contact with the work—a feature which is said to combine safety with economy.

LOMBARD

Why circular logic rules

BY ANTHONY HARRIS

MINISTERS WHO complain that under present methods, *Government financial policy is at the mercy of "a handful of young men who write brokers' circulars" should probably be protected* from the sight of a recent circular from Savory Milln in which Eric Chalmers *gives us* his view of the proposed Schmidt Snake. If Britain joined this arrangement, he says, there would be a bull market in gilts—a perfectly fair market assessment. However, the prospect is so tempting that he gets carried away.

After going through some rather more questionable *arguments—the idea, for example,* that floating exchange rates, practised for just seven years, *are a feature of the* "permissive economics of the post-war world"—Mr. Chalmers comes to *a ringing conclusion*: "It is very much to be hoped that the British Government and the Treasury *will stop dragging their feet* on the question of currency stabilisation, and will not attempt to sabotage or wriggle out of it. This country should wholeheartedly and immediately join in the scheme."

Quarterdeck

Now this quarterdeck manner is all very well from an ex-premier like Mr. Edward Heath, but when a stockbroker starts issuing advice to the authorities in this way, someone is entitled to wonder who are the rulers now; and his clients may also wonder what it has to do with them.

The circular I have quoted is only, of course, a particularly striking example of a large and growing class. Gilts brokers in general have got into the habit of adopting a much more commanding tone when addressing Her Majesty's Government than their equity colleagues would dream of using to the Board of a lacklustre company. No wonder Ministers complain; and indeed clients can sometimes be less than enchanted if a circular from their own broker knocks the market endways, unless they happen to be highly liquid at the time.

We have even reached the stage where the market is full of tips about what this or that circular is going to say, as if someone had inside information about the trade figures, or the profits of a company. A pretty pass you may think things have come to.

It is instructive, though, to reflect how we got into it. Although I have often filled these columns with criticisms of official funding tactics, and will do so again, I believe that the root of the problem is not on the official but on the market side of the equation. The growing dominance of a relatively small number of savings institutions is nowhere more marked than in the gilts market, and nowhere have *the consequences been* more baleful.

The sheep-like tendencies of *institutional* investment managers have been widely remarked, and are indeed tacitly admitted: I have heard a broker accuse a lunch-table full of such conduct, and raise not a bleat in self-defence. The reason is not that they are not capable of thinking for themselves, but that a manager can never be blamed by his Board for trading with the market; and the more they behave like this, the harder it is for an independent soul to justify trading against it.

Now a flock of sheep under good control moves like a single body corporate; it is only at the odd times when the more senior and respected sheepdogs start barking contradictory instructions that the random running about known as a good two-way market can develop. At many stages "the market" is so much in unison that it really does acquire some of the power of a monopoly buyer (I refuse to use the word "monopsony"), which can force the price down by holding off. If the Government Broker sometimes feels a little like a man trying to raise the price *of bananas in Central* America, it is not surprising.

Poker game

It is this situation, of course, which has conferred such genuine power on the men who write brokers' circulars. They cannot make it impossible for the Government to fund its borrowing requirement if policies are not to their taste, but they can and do make it expensive. The situation will only end if the authorities devise some way of meeting the market at least on equal terms. The present tap system, with a known borrowing requirement and a known limit on monetary growth and domestic credit expansion forces the Bank of England to play poker, as it were, with its hand exposed.

The real test of the few innovations which have been tried, and the many more which are being discussed in monetary management is whether they put an end to this unfair poker game. Until then the circular logic behind the circulars—you can only carry out your policies if I buy, and I won't buy if your performance looks shaky—will continue to rule.

AROUND BRITAIN

PORT OF DOVER

Light at the end of the Chunnel

BY LYNTON McLAIN

THIS WEEKEND is the busiest in the port of Dover's calendar. There will be more ships, cars, trains and passengers focused on the busy port between teatime today and early evening to-morrow than ever before as cross-Channel holiday activity builds up to its traditional summer peak.

Over 65,000 passengers, 14,200 cars and 900 freight vehicles will pass through Dover in that *short* period, more than eight times as many passengers as in the lowest month of mid-February, when fewer than 2,000 cars but over 1,000 lorries pass through.

The bustle is not without its problems; but the surprise is that, with 32,000 ferry crossings each year to and from Dover, the problems are not more severe or the aggravation for holiday makers not more intense. Last year, some 7.8m passengers passed through the port.

One of the few perennial problems concerns the trains that carry a stream of passengers to and from Dover Marine and Dover Priory stations dur*ing the summer.*

"There is nothing worse than getting off a brand new ship and onto a tatty train," Mr. Donald Soppitt, the port's operations director exclaims, looking aghast at the prospect. In fact not all the trains are tatty and there are not many brand new *ships. But the experience* is one likely to be shared by at least some of the thousands of passengers flowing through Dover this weekend.

The *British holidaymaker,* who comprises the bulk of passengers through the port, may not be aware of tatty trains. He is likely to be more con*cerned with getting away* as fast as possible. The 30-minute turn-round times for the dozens of ferries should see to that, although the same cannot be said of the new jumbo hovercraft operating out of the shiny new £14m Seaspeed hoverport. *There, teething troubles* in the terminal and aboard the French hovercraft had upset the schedules and intending hover passengers are often now transferred to awaiting ferries.

There was bewilderment at the hoverport last weekend. The public was addressed by loudspeakers only in English; there was no airport-style indicator showing the status of hover flights and there were large, restless queues badgering patient staff at an inadequate desk. Further troubles with the *French hovercraft had upset the* timetable and delayed the only other craft working, the British Super 4.

The 11.30 am flight to Boulogne left at 12.15 pm for an otherwise pleasant and faultless journey. By 1.15 pm British time passengers had wormed their way through customs and passport control. At 1.30 pm they had stepped off a coach laid on to take them to the town centre.

The 7.45 pm local time return ferry from Boulogne left *for the 90-minute crossing* at 7.50 pm and passengers boarded the train at Dover Marine at 10.20 pm French time. But this was only after a wearying trek from *the single-exit gangway* from the ferry at British Rail's Western Docks to the platform.

Passengers are expected to walk, with luggage, 150 yards in one direction, 150 yards back again—this time inside the terminal building—and then a further 150 yards or so past passport control and customs and *finally* into the station. The train left for Victoria station, London, almost three hours after the ferry had left France.

The system of queuing dates back at least 15 years and passengers recognise that improvements are long overdue to match the airport — style efficiency of the Eastern Docks run by the Dover Harbour Board.

The improvements may come in about two years if BR gets the go-ahead for its planned rail link with the new hoverport.

This is close to the Western *Docks run by BR* on land leased from the Harbour Board. It is also close to the Marine station with its 85-minute, non-stop service to Victoria.

A rail *link would bring* Boulogne within 2½ hours of central London and is much sought after by BR Seaspeed Hovercraft to match the un*doubted speed of* its craft—when they are running.

Mr. Soppitt welcomes the introduction of hover services from Dover. But he says they are *not* the greatest change to have affected the port since the Harbour Board was founded in 1606.

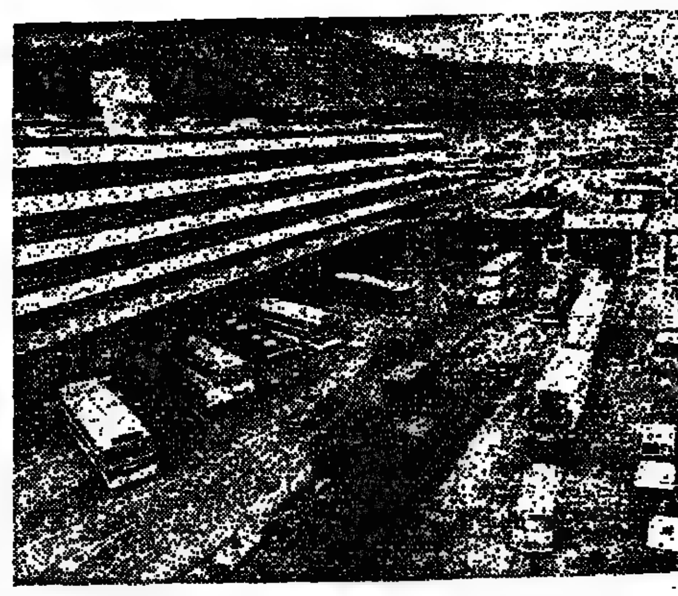
That he accords to the postponement of the Channel Tunnel in January, 1975. The Dover Harbour Board had invested in two roll-on, roll-off berths, the first in Britain, in 1953. Two more were added in the 1960s, when the first hoverport was built, and £1.5m was invested in new traffic control equipment and buildings. There was also land reclamation, but few major projects.

The port was ready to capitalise *on the* growing traffic in roll-on roll-off freight, but until 1975 there was the constant possibility that the Tunnel would be given the go-ahead and thus jeopardise Dover's near-monopoly of passengers and freight. The Board was forced to look at projects which had an ever-diminishing time-scale with faster rates of amortisation. Before 1975, the Board's most optimistic planning horizon for capital investment was five years.

This was inadequate for major harbour works, land reclamation and berth construction. Only small projects were completed and long-term planning was impossible.

Now, the postponement of the Tunnel has released the possibility of a flood of investments aimed at boosting passenger, car and freight capacity. Over £30m has been earmarked for expansion in the five years to 1985. *Many millions of pounds* have already been spent.

The expansion does perhaps carry the risk of a steady throttling of the little town of Dover, hemmed in as it has always been by the towering dull white cliffs of chalk. But there is little doubt that the expansion plans designed to *double daily capacity* to 14m passengers and over 800,000 commercial road vehicles a year, are planned to achieve these annual throughputs with airline efficiency.



● The efficient Eastern Docks at Dover.

Shoemaker set for victory

RACING

BY DOMINIC WIGAN

WILLIE SHOEMAKER, who flew *in yesterday from the United* States to renew his association with Hawaiian Sound in tomor*row's King George VI States,* could prove his mastery over Ascot's one-and-a-half-mile Swinley course in this afternoon's Sandringham Stakes.

Here the world's undisputed record-holder in terms of winners teams up with Hawaiian Sound's stablemate, Humdoleila. If, as I anticipate, this Green God four-year-old is back to somewhere near the form which saw him landing five of his 11 races last season (he was also second on three occasions) he is bound to take a good deal of beating off the 8 st 13 lb mark.

I hope to see him showing Shoe*maker as adept at coming from* behind as he is in waiting in front by providing too much *finishing pace for the lightly*-weighted veteran of the party, the course specialist, Iver.

The young Newmarket trainer, William Hastings-Bass, who gained his most notable success *to date when Greenland Park* lifted the Queen Mary here, seems to have more than an *outside chance of achieving his* first double on the course this afternoon. Picatina ran well enough when third in the Royal Hunt Cup to suggest that she is the one they will all have to beat in the Crown Plus Two Apprentice Handicap; while newcomer Red Sox, a half-brother by Red Alert to Long Johns among others, will give them all plenty to do in the Virginia Water Stakes.

Looking further north, Jimmy Bleasdale who, with 56 winners *to his name this season,* matches strides with Piggott in third place behind the runaway leaders, Carson and Eddery, in the championship, looks to have a bright chance on Lady Murless's Nelly Ayre at Ayr. The Denys Smith-trained half-sister by Great Nephew to the Royal Lodge winner, Adios, struck me as a likely future winner on her debut at York in May. *She has only poor* opponents to beat in the Middleton Stakes.

ASCOT
2.00—Calf of Man
2.30—Red Sox
3.00—Picatina
3.30—Le Champ Talot
4.05—Humdoleila**
4.35—Last Sale

AYR
4.15—Nelly Ayre***
4.45—Sharik
5.15—Ruabon*

TV Radio

† Indicates programmes in black and white

BBC 1

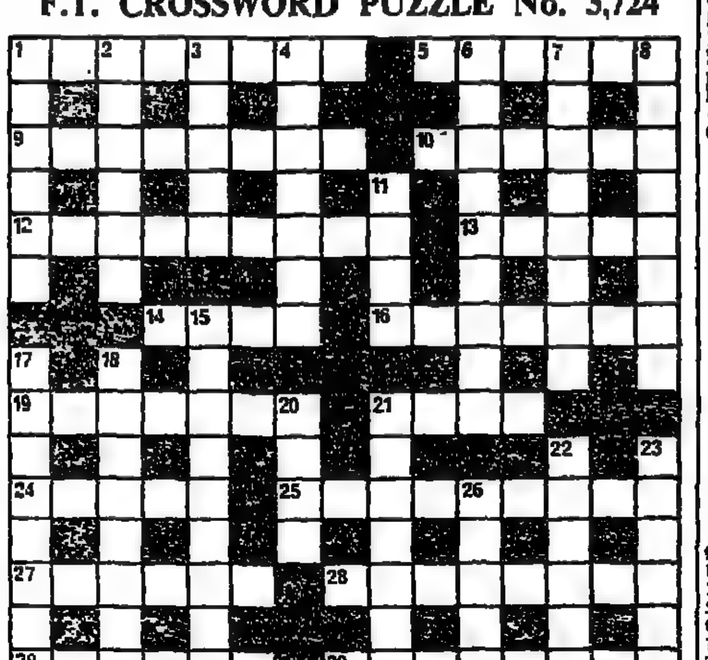
6.40-7.05; 7.30-7.55 am Open University (*Ultra High frequency* only). 1.15 pm Midday News. 1.30 Trumpton. 1.45 Canu'r Plant. 2.15 *Racing from* Ascot (2.30, 3.00, 3.30, 4.05). 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Lippy Lion. 4.50 Take Hart with Tony Hart. 5.10 Tabitha. 5.35 The Wombles.

5.40 News
5.55 Nationwide (London and South East only)
6.20 Nationwide
7.00 The Wonderful World of Disney
7.45 The Black and White Minstrel Show
8.30 Sykes
9.00 News
9.25 *The Royal International* Horse Show
10.40 Face the Music (London and South East)
11.10 Regional News
11.11 The Late Film: "The Swimmer" starring Burt Lancaster
12.45 am Weather

All Regions as BBC-1 except at the following times.

BBC Wales—1.30 pm O Dan Y Mor. 5.10 Teleffant. 5.55 Wales *Today. 7.00 Heddiw. 7.15 Maes* O Law. 10.40 Music in Wales.

F.T. CROSSWORD PUZZLE No. 3,724



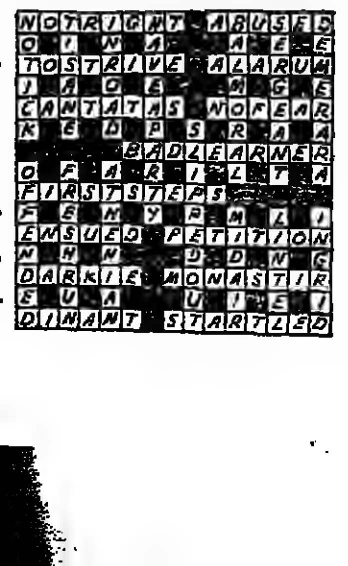
ACROSS

1 Service providing gas pressure? (8)
5 Shivering like fish (6)
9 Enid gets concoction eaten (8)
10 Abused as a roof may be (6)
12 Learner entered into contest outside and finished (9)
13 I turn round in Italian city (5)
14 Hurried with odds to editor (4)
16 A misdemeanour in the east could be stupid (7)
19 Hopelessness of some French couple (7)
21 Bump into huntsmen (4)
24 The French can compose this language (5)
25 Tell about fool going to editor with ornamental fringe (9)
27 Knot and fasten appendage to neckware (3-3)
28 Protective clothing to fasten in front (8)
29 Divide into branches if army disintegrates (6)
30 Fluster United Nations' bench (8)

DOWN

1 A portion for each person (6)
2 Administration putting soldier in wrong corps (6)
3 Old blackbird found in house loft (5)
4 Belief about a teamleader being made (7)
6 The patience of the Americans (9)
7 Minor planet supplying a type of hormone (8)
8 Jeopardise the finish with wrath (8)
11 Thought I'd take half of each (4)
15 Simple argument produced by accuser (9)
17 Heretic I work upon afterwards (8)
18 Is mother upset by beat line? (8)
20 Soldiers accept it as a ceremonial form (4)
21 Young lady I take on in embassy (7)
22 Using maximum effort when the innings is finished (3-3)
23 Stick notice in this place (6)
26 Destroy as before outside (5)

Solution to Puzzle No. 3,723



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

THEATRES

SAVOY THEATRE. 01-836 8888. TOM CONTI in WHOSE LIFE IS IT ANYWAY? with JANE ASHER "A MOMENTOUS PLAY. I URGE YOU TO SEE IT." Guardian.

The National Gallery

The artist's eye by WILLIAM PACKER

The second in an interesting series of annual exhibitions is now on show at the National Gallery. Richard Hamilton, the artist, has brought together his pick of the collection. One of his own works is also included, a Marilyn painting of the mid-'sixties: and he has put in one or two other objects of furniture, stage properties almost, designed more to tease the visitor into imaginative thought than to shock. These are a trifle arch, but the intention is clear and sensible enough, the blank canvas on its easel, to which every artist must set himself, making the nicest point.

It would be wrong to try to read too much into the actual choice of pictures, as though they too should comprise a kind of manifesto. Artists, much like other people, are not necessarily consistent in their preferences and enthusiasms: and, though it might well appear somewhat remote at times from their own immediate preoccupations, the practice of modern art does not disqualify them from a true love and deep knowledge of the work of the old masters.

My own response to a case like this is to consider what my own choice might have been, and to enjoy the pictures themselves in such unwonted company, truer for once to the practical circumstances of a private collection than most of them have known for many years. We grow too used to the categories supplied by scholarship, and thus forget that good paintings stand up for themselves in the best of company: and to see this Goya and Rembrandt together for once is to stimulate fresh thoughts and fresh understanding. I would most certainly have chosen different works where there is a correspondence of artists, save perhaps for the Chardin, chosen van der Weyden or David rather than Bouts, and shown rather more of the Italians: but in saying as much, I must insist that I am not complaining at all.

"The Young Schoolmistress" by Jean-Baptiste Simeon Chardin

Cinema

Soft landings by NIGEL ANDREWS

International Velvet (U) Empire
The Life of Chikuzan ICA
Warlords of Atlantis (A)
Swiss Scene, Warner West End, ABC Fulham Road, Classic Oxford Street.

While we are waiting and wondering if any good thing will ever come out of Sir Harold Wilson's Working Party Report on the Future of the British Film Industry — that investigative white elephant born three years ago and still failing to show any signs of animation—may I beg you briefly to consider a new document written by the Independent Film-Makers' Association of Great Britain and submitted to Parliament as a riposte to the above?

It is called, like its precursor, a report on "The Future of the British Film Industry" and it consists of eight closely-typed pages, ending in a set of proposals and a summary. For anyone who cares about movies in this country, the report is worth getting and reading in full (more details later): but for brevity's sake I shall confine myself here to the summary, which consists of four statements each of which seems likely—indeed is probably designed — to have the Wilson Working Party members squirming in their seats and muttering of subversion.

The first statement reads: "Cinema is now no longer the principal mass medium. Television has taken that function, and cinema has as a result not remained monolithic, but has diversified. There remains a mainstream popular entertainment cinema on the one hand, and on the other an independent, cultural sector has developed."

That is a hard truth to swallow —that cinema is no longer the leading entertainment medium— but a truth it certainly is, and one the Wilson Report did not begin to face up to. Independent producer David Puttnam aired some time ago, while serving on the Interim Action Committee spawned by the Wilson Report, the horrendous idea that the only economic salvation for British cinema lay in cable television. The groans and vituperations of his colleagues were audible for many a mile around—but it is a perfectly plausible theory, and if it smacks of 1984 rather than of a brave new world, we should at least be confronting the ideas on a know-your-enemy basis.

Certainly the emphasis in the Wilson Report on propping up the commercial cinema as it now exists seems lamentably short-sighted. And even irrational. If films made for the popular market do not *sell* in the popular market, then what are they being made for, let alone given financial encouragement? To continue subsidising indefinitely the supply of a product for which there is no, or insufficient, demand is a blueprint for economic disaster.

At least the Independent Film-Makers Association does not pretend that its work is answering a great public need. It is merely one self-expressive part of the diverse mosaic of a country's film industry—and a part that the Wilson Report notoriously neglected. Statements two and three of the IFA's summary read:

"Government policy until now, together with the Terry and Wilson reports, generally fail to recognise this diversity in any real way. There is a danger that future legislation will remain with the outmoded conception of cinema, thereby ignoring the *most vital area today: independent cinema.*"

"*A subsidised sector* is appropriate *to the new situation,* and comparable to the arrangements in the other arts, and for cinema itself in other European countries."

In an ideal world there would be no need for subsidy, and a Utopian correlation would always exist between supply and demand. But if economic boosts are necessary to the survival of the arts in general, and cinema in particular, then let us at least direct some of them at the independents. Commercial cinema should be able to look after itself: its prime *raison d'etre* is to cater to a public need. But independent cinema is, by definition, independent of the market. It must finance itself or it must seek sponsorship. Our fellow European countries—notably Germany and France—are far readier to help out in these areas than is Britain.

Finally: "Our proposals build on the work done to create an independent cinema in order to strengthen it, and to provide *some security* for the development of a cultural sector."

"Cultural sectors" I can happily do without—they smack of dogmatism and partition—but the emphases otherwise are admirable. The specific proposals in the IFA's paper are too detailed to discuss here, but if this brief introduction to the report has whetted your curiosity, then write to the IFA at 12/13 Little Newport Street WC2 and ask them to send you a copy. The British Cinema needs money and it needs talent —but more than either it needs the intelligent and active interest of the filmgoing public at large.

*

It is 34 years since Elizabeth Taylor won the Grand National —although you will not find her name inscribed among the immortals at Aintree, since she performed the feat in Hollywood. The film was *National Velvet* (from the heroine's name Velvet Brown), the year was 1944, and handkerchiefs all over the world were joyfully dampened by Miss Taylor's triumph.

They do not make films like that any more, although in *International Velvet* they have made the unfortunate mistake of trying. Tatum O'Neal plays the niece-cum-foster-child of the now grown-up Velvet Brown (Nanette Newman) who is living in out-of-wedlock bliss with writer Christopher Plummer somewhere in the heart of rural England. We watch as Miss O'Neal grows from a fractious orphan (when the film begins she has just arrived in England from Arizona after the death of her parents) into a plucky, pretty 18-year-old with a gift for equitation. She is "spotted" by British equestrian coach Antony Hopkins, drafted into the national three-day event team and whisked off to the Olympic games. Can family history repeat itself . . . ?

Sentimentality comes in all shapes and sizes in the cinema, from the dignified to the distressing. The brand on sale here is strictly suburban: a melange of ambrosial Francis Lai music, pretty postcard views of England and creakingly engineered suspense. The part of the grown-up Velvet Brown cries out for a star performance (Elizabeth Taylor was offered it but refused), but all it gets is the special line in Home Counties tweeness dispensed by Miss Newman. Antony Hopkins gives the film a much-needed electric charge with his over-the-top Celtic mannerisms, and Miss O'Neal is a tolerably fresh and appealing heroine. But can this woman's-magazine tosh, winding up to its predictable climax, really be the work of the same Bryan Forbes who directed that well-aimed recent bolt at sentimentality and suburbia, *The Stepford Wives*?

*

Showing at the ICA next week, and well worth catching is Kaneto Shindo's *The Life of Chikuzan*. This Japanese film was seen and praised at last year's London Film Festival, and it is a delightfully quirky work: the picaresque adventures of a young street-singer (blind from infancy) whose wanderings in early 20th century Japan are chronicled for us with an irresistible mixture of humour and melodrama.

Shindo made *The Island* and *Onibaba*, and if the meandering style of the new film is borrowed from the first, its sudden eruptions of violence and comedy come from the second. All the great vicissitudes of mortal life are gone through in the story— birth, marriage, jealousy, bereavement, poverty — but the film keeps a sort of crazy-cheerful detachment: as if it had no wish to dwell or moralise on these themes, merely to keep changing the scenery and the seasons, and to show us the external flux and shifting colours of earthly life. Direction, photography and performances are all of a high calibre, and one hopes a week at the ICA will be the prelude to a longer London run.

*

Warlords of Atlantis is an underwater Christmas stocking. You never know quite what you will find next in this story of an Anglo-American exploring team who stumble upon the famous lost city while inspecting the Atlantic in a diving-bell. It is a moot point whether they are more surprised/alarmed by the legendary monsters who keep erupting around them (including a fetching line in flying fish, who hurtle bullet-fast at their victims battening onto them with their teeth) or by the sight of the legendary Cyd Charisse, showing off her still shapely legs as the underwater queen "Atsil." The director of this enjoyable hokum is Kevin Connor, the co-stars are Doug McClure and Peter Gilmore, and the most cherishable line in the film is the hero's indignant cry on being attacked by a vicious Something-osaurus in the climactic scene — "But they're supposed to be extinct!"

Tatum O'Neal in "International Velvet"

Goldsmith's Hall

Schoenbergiana

by DOMINIC GILL

The first half of the Nash Ensemble's programme last night was serious Schoenberg: a concert performance of *Pierrot Lunaire*. Jane Manning has been singing *Pierrot* now for many years (I first heard her give it at the Wigmore Hall in 1968); over a decade the reading has broadened and deepened wonderfully well. It is now a notable tour de force: sung (naturally) from memory, with nearly perfect accuracy, exactly and stylishly poised between speech and song. A few moments still jar — chiefly one or two brief appearances of the scolding-fishwife voice (in "Galgenlied") and the naughty-little-girl voice (in "Gemeinheit!" and "Parodie"). But in the main it is a performance of remarkable authority, insight and poetry.

She was less well served than she might have been by the Nash's playing under Lionel Friend: never less than dutiful, and illuminated by a number of fine solo contributions, it was an accompaniment which nonetheless never quite left the ground — a metrical problem mainly, rhythms too often flaccid, and punchy phrasing too rarely buoyant. Was Mr. Friend's beat, as well as his feeling for the score, a shade too literal? — certainly, those vitally different lengths of pause between songs were never very closely (or sensitively) observed. Christopher van Kampen's cello solo in "Serenade," and Judith Pearce's solo flute in "Der kranke Mond" were both a delight. Few sopranos can ever have hit the low E flat so powerfully and so precisely as Miss Manning did in "Nacht."

The concert's second half was less serious: a group of chamber arrangements of Johann Strauss and Rossini made by Schoenberg and his pupils—some, like Webern's transcription of the Treasure Waltz and Berg's of Wine, Women and Song, done for the lighter evenings of Schoenberg's Society for Musical Private Performances in Vienna, and others, like the master's own arrangement of the Emperor Waltz, for a particular public programme. It could have been a delightful finale: but have none of the Nash ever heard even a recording of a café band in Vienna or Budapest? Three astonishingly wooden and four-square performances, lacking any sort of swing or schmaltz, or authentic surge—even an ice-rink orchestra can give Strauss with more zip and verve.

York and Ripon

Early Music

by NICHOLAS KENYON

The third week of York's huge Early Music Festival opened on Saturday with a choral concert in the splendid surroundings of Ripon Cathedral. By the end of the festival on Sunday 52 concerts will have been presented in 23 days, in venues including not only York's historic buildings but also nearby Hazlewood Castle, Gilling Castle, and Hovingham Hall (where two chamber operas are being presented today and on Sunday, on which John Warrack will report).

J. M. Thomson wrote here about the sense of adventure and achievement in the festival's first two weeks; a weekend trip to York and Ripon both confirmed those feelings and pointed towards some reservations for future events. There is clearly a considerable change of emphasis from the intensely exhilarating and concentrated one-week festival-course held in York last April, from which this festival has grown. Everything is on a larger scale: the emphasis has been on concerts of high quality, and there has inevitably been a separation between these events and the week-long courses during which students from as far afield as Mexico, Greece and Australia have been coached in a wide variety of early-musical skills.

This year, too, activities have been more specialised. Week One concentrated entirely on medieval music, while Week Two was devoted to renaissance music. As I arrived, recorder, shawm and crumhorn players were gradually departing, and were being replaced by students of the baroque violin (who will this week be coached by Duncan Druce), viola da gamba (Jane Ryan) and harpsichord (Colin Tilney). Week Three started with an emphasis on the baroque, but will move in its conclusion to one of the most challenging areas of the "authenticity" revival — that of classical music. Tutors in this field include the newly adopted Yorkshireman Alan Hacker (who will also direct his own Classical Orchestra and Band on Friday and Saturday) and the forte-pianist Richard Burnett. By Saturday this Early Music Festival will have reached Schubert's *Octet*!

Last Saturday, however, the music was by Bach and Charpentier, and the gains and losses of an "authentic" approach were plain to hear in Ripon Cathedral. In Carpentier's delightful folksy *Messe de Minuit*, the chirruping recorder players and light-toned gamba on the bass line brought nothing but gain. In two Bach cantatas, however, it was difficult not to feel that the unsophisticated approach of the Yorkshire Baroque Soloists did the music a disservice, though there were individually distinguished contributions—Don Smithers played his tiny curled *tromba* with great panache, and the bent, flared *oboi da caccia* made both a rare sight and sound. Peter Seymour's careful but characterless direction contained the seed of an occasional good idea imperfectly realised (like the brisk, lilting tempo for the famous "Jesu, joy of man's desiring" movement in Cantata No. 147); but he could not inspire his chorus to an incisiveness which matched the instruments: why not have used the Cathedral boys? But in Cantata No. 57 there was some splendid solo singing to compensate, particularly from Richard Jackson, restrained yet forceful, and Yvonne Seymour, slightly tremulous but intense and well-projected.

All the most interesting early music concerts at present have to be experimental, and therefore run the concomitant risk of failure. The York Festival must maintain a high success rate, however, for this event has become a shop window for all that is liveliest and best in the field. The Yorkshire Baroque Soloists will doubtless become better as they work together during the week; indeed, it would be good to think that in future years the inducement could be provided for professionals as well as amateurs to study together for concentrated one-week courses, at the end of which showpiece events could be mounted. Perhaps something of the kind will result from the specialised, separate weeks planned for 1979 in Ripon and York. Further in the future, one hopes that those planning the "official" York Festival of 1980 will take note of the large, enthusiastic local audiences for these early music concerts. York now has an international reputation as an early music centre, and given encouragement and lightened official support, it will surely flourish.

Southwark Cathedral

Curlew River

A small audience at Southwark on a cold, grey evening may understandably have discouraged the English Music Theatre Company from giving their all to *Curlew River* yesterday. This would have done as a repertory performance if a repertory of Britten's church parables were thinkable, but memories of the original English Opera Group production are fresh enough to make this tepid revival redundant.

One thing and one thing only, in this "re-rehearsal" of Colin Graham's staging is an improvement—the appearance of the spirit of the dead boy at the climax of the story. Instead of a bouncing young fellow popping up from behind the cross marking his grave, a solemn, small child walks on to the stage, moving with sad dignity.

Otherwise the stylised movements looked mechanical and weren't quite cleanly enough executed. The Madwoman's part needs rethinking for Bernard Dickerson, who is small for movements designed in the first place for Pears. Mr. Dickerson sang like the reliable, intelligent artist he is, though the vocal line needs stronger contrasts in a big church.

Donald Stephenson's expert handling of the Ferryman's narration while the boat crosses the river did something to bring the performance to life. The Traveller and Abbot of Bryan Drake and Michael Bauer were sound. The small chorus and the EMT Orchestra, directed from the organ by Roger Vignoles just missed the bang-on precision the score needs.

One can't reasonably expect a new production of *Curlew River* or of the succeeding parables from this company under present circumstances. But if this part of Britten's legacy is to be preserved (as in their different ways Gilbert-and-Sullivan and Brecht have been preserved), standards must be kept up. There is a general feeling fatigued formula about this year's City of London Festival which it would need more than the previous evening's good Brahms Requiem to dispel. New ideas about programmes, better publicity, better printing, will be needed for next time. London's summer musical attractions have grown since this festival started. Somebody should now re-examine the role it can still usefully play.

RONALD CRICHTON

Lynn Seymour as Anastasia

Covent Garden

Anastasia

Anastasia's return to the repertory at the Opera House reminds us how good a case can be made out for considering the Royal Ballet as a company of dramatic dancers without peer today. The recent London Weekend Television programme about *Mayerling* contained lengthy passages from a complete recording of a performance.

Close-up camera shots revealed just how detailed and excellently judged were the central performances, and no less so the involvement of a large cast in the dramatic action: there was an almost cinematic verismo in playing which yet managed to project to the furthest points of Covent Garden. This style of dramatic playing is the product of the exceptional demands made by both Ashton and MacMillan in their narrative pieces—and of these *Anastasia* stands in a very special place.

I think it so glorious a ballet that I am prepared to forgive its few longueurs: the still lightweight manoeuvring of the naval contingent in the last scene of Act 1: the over-long exploration of the Imperial Family's sexual tensions during the ball in Act 2. In all other moments it compels belief, admiration and respect, as a brave and brilliant extension of the full-length narrative ballet, and also as an opportunity for a great dancer —Lynn Seymour—to show us what interpretive genius is in the ballet theatre.

It should not be forgotten that the work must be understood from Anastasia's view-point: it is her world we are shown; her feelings which colour the actions of the cast. Because the Russian Imperial Family has so special an identity for us, as a group doomed, and as a portent of what was to happen in much of Europe. Anastasia's world becomes not merely a fantasy, but an insight into how historical events were to affect many people. The quest for identity, which lies at the heart of the ballet, is one that obsesses our society still.

And how cleverly MacMillan leads us through the tale. Obedient to his score, he provides a light, dance-filled texture for Act 1, whose most piercing moment—the Tsarevich's fall—is played at little more than a mezzo-forte. Act 2, more emotionally clouded, and darker in manner, is less clear in its focus on Anastasia itself, and concentrates rather on the courtly society waltzing into the abyss. In Act 3, Seymour comes into her own, giving a performance last night of thrilling power, and extraordinary richness of inflexion: the sequence in which her child is taken from her, and she is then rejected by the survivors of the Imperial Family, and attempts to drown herself, was phenomenal in its expressive dignity.

The figure who, at the end, circles the stage on her hospital bed, sure at last of her identity, is so compelling that we too believe she is Anastasia: great art can do no more. The entire company performance was magnificent.

CLEMENT CRISP

St. Bartholomew-the-Great

Menuhin

by NICHOLAS KENYON

"We know of no spectacle so astonishing," Macaulay might have written had he been at St Bartholomew's last night, "as the British public in one of its periodical fits of stoicism." With not a murmur of complaint, they stood in their hundreds outside the church as the appointed hour arrived and passed; they raised not a cry of disbelief as the announcement was made that the concert would start 15 minutes late (when it was perfectly plain that merely seating everyone would take at least half an hour) they protested not when their reserved seats vanished (the chairs imported for the occasion were too big, you see) and they found themselves sitting on 12th-century column bases; they expected no apology from the City of London Festival's director (which was as well, since they received none).

As in all Great British Queues, the wait merely heightened the anticipation of the event to come. There could scarcely have been a more responsive audience for Yehudi Menuhin's programme of Bach solo violin music — and they were not disappointed. Menuhin, if not exactly on form, was definitely not off form: his playing had the grand sweep and the total conviction, not marred by any anxious patches of nervousness, such as we hear all too rarely from him these days.

A satisfied listener to Menuhin must become as involved as he is in the progress in the music. It is no good to worry about the passing sour tuning or wayward bar, for there are plenty of these: in the whole of giant C major Fugue the chromatic counter-subject was rarely plum in tune, and the inversion of the subject was announced with gruesome vagueness. An over-dramatic flourish (like the diminished seventh at the end of the E major Partita's Gavotte) can suddenly transport the music into undreamt-of worlds between two keys: the bump back into tune is painful, but over in a flash.

Menuhin's rhythmic command, however, is rarely in doubt: the two slow movements in the C major Sonata almost came to a standstill, but maintained a tentative forward movement; the fast outer movements of the E major Partita were unerringly controlled, with tiny rubati cunningly placed to contradict our expectations and keep the rush of semiquavers under control. It must be said that his playing does not always make Bach's structures apparent (fugue subjects are oddly punctuated and varied; tiny *caesurae* receive the same emphasis as huge paragraphs) but it does communicate the music's emotional strength, and that is what counts. Menuhin shows us that Bach is his life-blood, and makes us realise that it can also be ours.

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Defining the insider

"CHANGES IN Company Law" is an ironic title for a White Paper which has no chance of reaching the statute book in the present session. The Conservative Government saved its *Companies Bill for the dying days of* the last administration, and the present Government has demonstrated similar priorities. Far from achieving any profound changes in a code for companies which is largely contained in legislation put through 30 years ago, is has failed even to fulfil its obligations under the EEC Second Directive on Company Law, *which was adopted in 1976* for enactment by the end of this year.

Benefit

But there is one benefit to be salvaged from all this delay. The legislation, when it eventually *comes, will have* been subject to years of public debate and consideration. One of the most welcome features of the *latest White Paper—which deals* with the requirements of the Second Directive together with last autumn's White Paper "The Conduct of Company Directors" —is that it is set out in the form of draft clauses. The motive for this *may* simply be that the Government wants to show willing to the EEC. But the result is that it is possible to assess the precise implications of some highly technical proposals. And the Government says that it is open to public *comment on its ideas.*

Nowhere will this be more important than in the controversial area of insider dealing, *for the crucial issue here is the* exact definition of what constitutes an insider. If the terms are too precise, then attempts to make insider dealing a criminal offence become futile. But if the net is cast too wide, it might ensnare armies of innocent company directors and employees, not to mention alert errand boys and the shrewder stock market analyst.

The White Paper, sensibly, does not attempt to lay out a catalogue of the type of person *that might constitute an insider.* Instead it tackles the problem from the opposite end: in the market place. An insider is one who deals on the basis of information which is both privileged and significantly price-sensitive.

The key phrases refer to the sort of information that is not generally available and which, if it were so available, would be likely to have a "*material*" impact on the price of the relevant securities. An insider can be someone directly connected with the company concerned, or someone who acts on "inside" information knowing it to have come from someone who is so connected.

Is this too loose a definition? The Conservatives apparently think it is, and suggest that if *it proves impossible to come up* with anything more precise it would be better to stick to a voluntary code rather than *bring in criminal* sanctions. This could be based on the model code for securities transactions which the Stock Exchange put forward last year as the minimum standard of behaviour to be expected from all listed companies. Working from the standpoint that directors must accept that they cannot be free at all times to deal in their companies' securities, the code lays *down* the procedures which directors should follow if they want to deal. These include prohibited *periods before important* announcements, and prior notification to boardroom colleagues.

The problem

However, those who argue against criminal sanctions have to come to *terms* with the fact that both the Stock Exchange and the Takeover Panel are on record that such legislation is necessary. *If these bastions of* self-regulation think that statutory controls are appropriate, they had better be taken *seriously.*

Their problem is that although a case of insider dealing will usually be billed as a City scandal, it might well be nothing of the sort. The power of the Takeover Panel grows progressively weaker the *further* it *moves* from a relatively narrow circle of City bankers, but its authority is placed on the line *every time it is confronted* with an issue. *Legislating against* insider dealing will not help to crack the anonymity of the person who deals through a numbered Swiss account, as the U.S. Securities and Exchange Commission has found to its frustration. But it will mean that such inquiries will not have to rely—as they do now—on *someone deciding that their* best interests are served by being frank.

There is now a valuable opportunity for refining the legal definitions of these draft clauses. The only question is whether the *next Government, whatever* its shape, will continue to drag its feet.

Middle East intransigence

AT LEAST the Foreign Ministers of Egypt and Israel have met again face-to-face after an interval of six months. Commenting on two days of talks between Mr. Mohammed Ibrahim Kamel and Mr. Moshe Dayan at Leeds Castle, Mr. Vance, U.S. Secretary of State, *suggested that this in itself re*presented progress towards a Middle East settlement. He was able to report also that both countries *remained fully* committed to the establishment of a genuine peace and that it had been possible to identify "common elements in their approaches" although he declined to specify what they were. In addition, he said, "painstaking" explanation by the two protagonists of the cold print of their two plans, so diametrically opposed in their concept of the future of the West Bank and Gaza Strip, had also led to a greater understanding without which there could be no final agreement on a comprehensive settlement.

U.S. objective

However, it is as yet unclear whether the U.S. Administration has succeeded in its very limited primary objective. The aim was no more than the resumption of negotiations. The exchanges at Leeds Castle never amounted to anything so substantive.

If anything, the Leeds Castle meeting appears to have emphasised *the inflexibility of* Israel and Egypt on the future of the West Bank and the Gaza Strip. The Egyptian peace plan says that as part of a comprehensive settlement, the West Bank should be placed under the administrative control of Jordan and the Gaza Strip under its own custody for an interim period of no more than five years. At the end of that period the Palestinians should determine their own future. In contrast, Israel has proposed a *limited form of autonomy for* the inhabitants of the territories while maintaining its authority for a period of at least five years at the end of which it would only be prepared to "review" the situation with the other parties concerned.

Mr. Sadat is not unreasonable in demanding that Israel should put forward new ideas, though *his public threat yesterday to* break off direct talks again if they are not produced can only retard the negotiating process. In his private talks with Mr. Ezer Weizman, Israeli Minister of Defence, he is reported to have shown much more flexibility than Egypt's official insistence on its plan would suggest. But at Leeds Castle Mr. Dayan was precluded from discussing these new elements by his Cabinet. The Egyptian leader's tactics are to by-pass Mr. Menahem Begin.

Egypt certainly has gone much further to compromise, not the least by reneging on its *commitment to the Palestine* Liberation Organisation in respect to the territories in dispute and ignoring Syria's claim *to the Golan Heights. Even so,* at this stage it is asking too much in demanding a prior commitment to withdrawal from the West Bank and the Gaza Strip as a condition for the continuation of talks. Such an insistence is hardly likely to coax reciprocal concessions from Israel. Although time and the patience of the Arab moderates are not inexhaustible much more measured tactics are needed if Israel is to make sufficient response to bring *Jordan into* the arena of negotiations which have not even begun yet.

King Hussein has reacted positively to Egypt's plan, notwithstanding his concern to have the backing of a pan-Arab consensus. However, before it is even possible to envisage him taking what would be a very brave plunge, both Israel and to a lesser extent Egypt must show a willingness to modify drastically their intransigent *positions. It now looks—as it* did last January—as if the U.S. must perform a diplomatic miracle to get some real progress towards a peace settlement.

UN LAW OF THE SEA CONFERENCE

A new attempt to clear the waters for sea-bed mining

BY PAUL CHEESERIGHT

"THE world of the deep ocean is a dark, cold world," says one sea-bed mining executive. "No light penetrates, and the temperature of the water is only a bit above *freezing. It is a sterile world.* Life is sparse. It is a desert with far less than the deserts we know on land."*

But on the surface of that desert are pebbles containing valuable minerals. This goes some way towards explaining why officials in more than 140 foreign ministries throughout the world are busy preparing for the next session of the United Nations Law of the Sea Conference (UNCLOS). It reconvenes in New York next month.

The first reaction to another four weeks of talking, some of which will be acrimonious *without leading to firm conclu*sions, is probably to stifle a yawn. The issue of control of the sea has been discussed since 1968 and the question of dividing the spoils of the sea-bed has been current since 1970. UNCLOS has seemed like a permanent diplomatic fixture.

Yet this is to deny the importance of an exercise which seeks to bring together nearly all nations to find a means of international control for 72 per cent of the surface of the earth. If the tone of the negotiations has often failed to mirror the grand concept, it is because contemporary realities distort the *vision of future co-operation.*

The idea of freedom of the high seas beyond the three-mile limit, which was current for a century or more, has been abandoned, ensuring that any treaty will involve somebody giving up a right. It is difficult for any Government to give up anything except for something else in return. The *scope for* bargaining and cross-bargaining is endless.

If UNCLOS were merely a matter of trading off a fishing right here for a continental shelf right there, it would be complicated enough but probably manageable. But more fundamental questions are being raised because UNCLOS is linked to the political argument about a New International Economic Order. It is another facet of the debate taking place in UNCTAD and the North-South *dialogue.*

Thus the aims of the developing countries at UNCLOS are not confined to gaining a share of sea-bed wealth but to controlling how such wealth may be exploited. Their right to *a share is enshrined in the* universally accepted notion that the sea-bed is the heritage of mankind. How the sea-bed should be controlled is the subject of negotiation.

While the sea-bed is only one of a number of issues before UNCLOS, its importance to the success of the whole exercise was emphasised at the session *in Geneva in April* and May when seven "hard core" issues were isolated and committees established to handle each one. Three of the committees were concerned with aspects of the sea-bed question.

The developing countries' *interest in the sea-bed sprang* from the idea that almost infinite mineral wealth was lying on the ocean floor: it was treasure trove just waiting to be used, ready to spread benefits over the poor and land-locked. The idea, during this decade has been academically discredited, leaving only the unassailable fact that nobody knows with any degree of precision how large the trove is.

The minerals are contained in pebble-like accretions called manganese nodules. They are oxide materials and attract commercial interest when they have a content of about 30 per cent manganese, 1.4 per cent nickel, 1.2 per cent copper and 0.3 per cent cobalt. The *nodules rest* on the sea-bed beyond the continental shelves at depths of 12,000 feet and more.

Only limited surveys of where and how the nodules occur have been made. It is on the basis of this research that extrapolations are made to estimate the total wealth of the oceans. For example, Mr. Alexander Holser of the U.S. Ocean Mining Administration has calculated that there are between 190 and *460 mine sites, each capable of* producing 75m tonnes of nodules in their lifetime.†

Six sea-bed mining consortia have in recent years spent some $200m examining ways of gathering the nodules from the sea-bed and processing them afterwards. They have run trials and pilot plants, they know how to undertake the mining, but their *techniques—inevitably—are not* commercially proven. The consortia are based on the U.S., but embrace companies in Britain (Rio Tinto-Zinc, Consolidated Gold Fields and BP Minerals), France, Netherlands, Belgium, West Germany, and Japan.

The interests of the consortia and of the Governments in the industrialised countries whence they come are broadly the same, though their ideas of appropriate time-scales for development differ. But fundamentally, there is agreement that the *minerals contained in the* nodules will be needed from 1990 onwards. Thus decisions on development programmes are required in the near future, given the long time necessary to bring any mining operation to production.

For Britain, like other major mineral consumers, access to the sea-bed is a priority *emphasised by recent events in Zaire.* The informal composite negotiating text circulating at UNCLOS does not meet that priority. If it goes through there would be recourse to unilateral action. It is highly unlikely however, that any convention based on this text would be ratified, though if it were domestic legislation would be passed to protect sea-bed mining companies. Such legislation may be forthcoming in any event.

The text provides for a parallel system of sea-bed exploitation. That is to say, the original idea held by some developing countries that all mining should take place under the aegis of a UN agency has been abandoned in face of the fact that sea-bed mining technology is known only to a *small group of companies in the* industrialised world. The idea is that while an International Sea-bed Authority should supervise mining, the actual work would be done both by private companies and by an Authority unit, to be called the Enterprise.

It is the attempt to make this system work that is the cause of negotiating difficulties. The developing countries wish to concede the minimum to private interests, but the private *interests have made it clear* they are not prepared to commit large amounts of capital unless they receive security of tenure and fiscal treatment which acknowledges the risks they take.

The Authority would be run by a Council of 36 members, chosen from different categories of countries. But the *industrialised countries would be* outnumbered, and at Geneva, the U.S. and the EEC countries failed in their attempt to win agreement for their right to block decisions.

The composition of the Council brings into sharp focus the difference of approach between the industrialised and developing countries. For the latter, control of the Council is of basic importance in the formation *of the New International* Economic Order, an acknowledgement that economic colonialism is dead. The industrialised countries simply are not prepared to grant political control to a body *whose main aim is* likely to be the transfer of wealth rather than empirical control of a technical operation.

Sharing out the mining sites

The Authority would be empowered to *take measures* to see that the benefits of sea-bed mining are equitably shared. That involves sharing out the mining sites. For each one given to an outside applicant another one would be put aside for Enterprise. But the problem is that Enterprise has neither the finances nor the ability to mine.

Various ways to raise sufficient finance have been discussed, including royalties from mining companies and profit sharing. However there are fears that the companies would be discriminated against in such financial arrangements in favour of Enterprise if their relationship is not clearly defined.

The ability of Enterprise to mine would be achieved by an obligatory transfer of technology from the companies granted contracts by the Authority. Although the EEC countries have advanced the idea that this should be done "on commercial terms," there is bitter opposition from the companies to the handing over of confidential technical information, unless precise conditions are defined for the settlement of disputes between themselves and the Authority.

The system of exploitation emerging from the text is therefore vague but restricting as far as the industrialised countries and the companies are concerned. It becomes the more restricting because of the provision for production limitations. The existing formula is that sea-bed nickel would have 60 per cent of the calculated *growth in nickel consumption,* leaving the rest to the land-based producers.

This interference with the ebb and flow of demand is essentially intended to protect the land-based producers. Canada will be the most notable beneficiary. But it also reflects the influence which existing commodity producers in the Third World wield over the developing countries at UNCLOS. The vast majority of developing countries are consumers whose long-term interest would be to have access to as wide a range of supplies as possible. But the issue is caught in the web of the New International Economic Order debate.

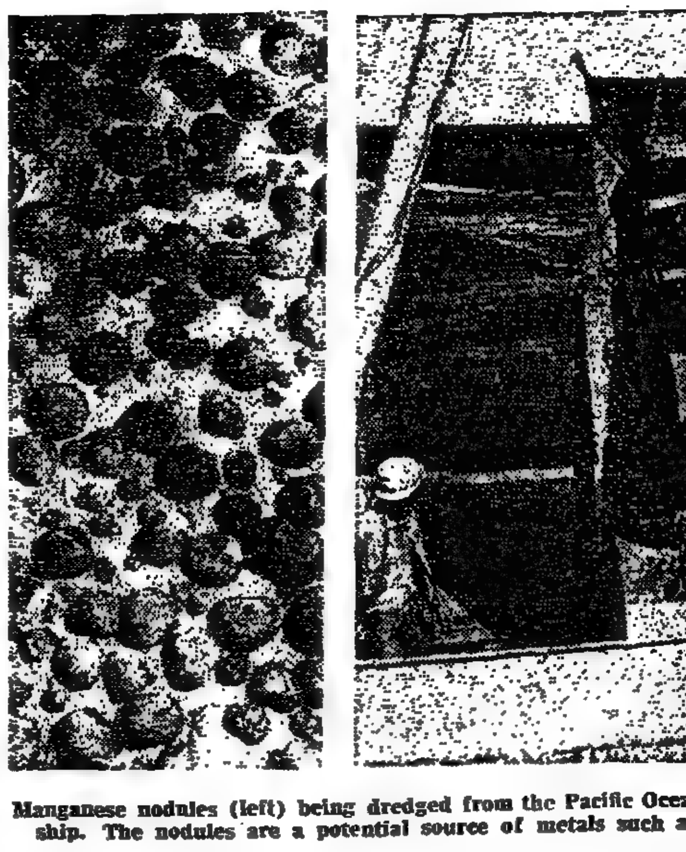
From the British point of view production limitations in the short- to medium-term are of little consequence, because it *is accepted that sea-bed minerals* will not be of significant importance before the last years of this century. But that in turn depends on the mining being permitted well in advance.

However, the negotiating text *provides for* a review conference 20 years after any convention emanating from the present UNCLOS comes into force. *If* within a further five years there is no agreement on a system of sea-bed exploitation for a further period, all mining would be limited to the Authority and joint ventures sponsored by it.

This would effectively mean the abandonment of the parallel system of exploitation in favour of a system such as the developing countries wanted in the first place. It impinges directly on what the mining companies, supported by their Governments, consider a vital need: security of tenure.

The feeling among the *industrialised countries,* including the UK, is that very substantial steps have been taken towards meeting the desires of the developing world for control over, and a share in, the wealth of the sea-bed. It is now time that they begin to seek a consensus with those who can produce that wealth, preferably, it is felt, at the next session in New York.

*An Industrialist's Reaction to the Law of the Sea Conference; paper by Marne Dubs, director ocean resources department, Kennecott Copper at Southern Centre for International Studies, Atlanta; May 24, 1978. †Manganese Nodule Resources and Mine Site Availability; a staff study for U.S. Ocean Mining Administration by Alexander Holser, senior technical adviser, August, 1976.



Source: Consolidated Goldfields

Manganese nodules (left) being dredged from the Pacific Ocean and emptied into a recovery ship. The nodules are a potential source of metals such as nickel, copper and cobalt.

THE MOST ADVANCED OCEAN-MINING CONSORTIA

	% holding	Country
KENNECOTT COPPER		
Kennecott	50	U.S.
Rio Tinto-Zinc	10	UK
Consolidated Gold Fields	10	UK
BP Minerals	10	UK
Noranda	10	Canada
Mitsubishi	10	Japan
OCEAN MINING ASSOCIATES		
U.S. Steel	30	U.S.
Union Miniere	30	Belgium
Sun Oil	30	U.S.
Others	10	
INCO		
Inco	25	Canada
AMR (Metallgesellschaft, Preussag, Salzgitter)	25	Germany
Deep Ocean Mining (23 companies)	25	Japan
Sedco	25	U.S.

MEN AND MATTERS

Checking the numbers engaged

Bells are ringing in all directions for the Post Office Engineering Union, whose nine months of industrial action for a 35-hour week has left £60m-worth of equipment lying idle and *90,000 householders* and companies waiting for telephones. Last night, the executive once again met Lord McCarthy, who has been struggling to find a compromise plan. Today a White Paper on the Carter committee's report on the Post Office will appear. So will the White Paper on pay guidelines: this may well deal with the delicate issue of the 35-hour week.

Without wishing to compound *the confusion with further facts,* it might be useful to see how the telecommunications side of the Post Office matches up to its German counterpart. The West German Bundespost serves 16m telephone lines, as against 15m here. Including extensions, West Germany had 21.1m telephones at the start of 1977—the most recent figure the Bundespost could supply—and we had 22m.

So at the receiving ends the two telephone systems are similar. But the gap widens with the staff figures. Our telecommunications employees number 228,000, but West Germany has 177,000—smaller by more than 20 per cent.

When I put these figures to the Post Office Engineering Union, a spokesman told me that 70,000 jobs had been saved in recent years by the union's productivity deals. So without these deals the British "telecoms" workforce would presumably be near *300,000*, quite apart from the projected 35-hour week. Of course, it is the technologically advanced System X which worries the engineers, through the prospect of sweeping redundancies. So to make sure that I was not comparing the Post Office with a hyper-efficient Germanic organisation using the latest electronic gear, I telephoned the Frankfurt office of the FT. The assurance came *swiftly: "The Bundespost system* is considered by Germans to be one of the most inefficient and primitive in the world."

Poste restante

Six years elapsed between the report of the Franks Committee on the Official Secrets Act and Tuesday's White Paper. But as *befits a White Paper on those* modern Mercurys in our Post Office, more speed was evident —even if, equally fitting, little haste. The Paper, which stretches to all of 35 pages, is being published to-day, one year after the Carter committee concluded its review.

Michael Corby, director of the Mail Users' Association, calculates that since then, to prepare the Paper, the 60 civil servants at the Department of Industry responsible for the Post Office *have each produced an average* of almost two words per day.

Slippery market

The British market for "yellow fats" (butter and margarine) is worth £500m a year. Just now it is being spread in a changing way, with margarine's slice of £170m tending to grow. Butter is still less than 60p a pound, but going up by about a penny a week to a possible ceiling of 80p a week. This trend will not be altered by the EEC Council of Ministers meeting on Monday to discuss the gigantic butter mountain that has built up again. A cut-price butter plan will apply only to a brief "Christmas treat" period.

Against this background the margarine men are limbering up. Especially active is Van Den Berghs, the Unilever subsidiary, which already has 60 per cent of margarine sales in Britain. But Van Den Berghs *will tread warily before making* a head-on attack on butter. Two years ago a High Court judge ruled illegal an advertisement on *TV* saying: "You cannot tell Stork from butter." This had followed a complaint from the Butter Information Council. At the moment, Van Den Berghs is in a small spot of bother about another of its advertisements—this time for Flora margarine.

As any tired businessman cannot avoid knowing, Flora is the much-debated "polyunsaturated" type of marge. After a behind-the-scenes tussle with Lovell and Christmas, makers of a minor rival named Gold Crop, a series of colour advertisements for Flora is being phased out. These say that the *Van Den Berghs pro*duct is the only "nationally-distributed high unpolysaturate margarine." Lovell and Christmas have *boldly* opposed this claim and took a full-page advertisement in The Grocer to say so. The war had begun earlier, when Van Den Berghs made Lovell and Christmas withdraw a sales brochure entitled "Why Gold Crop is better for you than Flora."

What both sides are sliding around carefully is recent research in the U.S. casting some doubt on the whole polyunsaturated vogue.

"Even a couple of drinks on a Saturday won't make Glasgow belong to me!"

Smuggling galore

Paraguay is one of the least affluent markets of South America, where a great part of the population goes through life without the benefit of shoes. The country has just published its annual teaser about imports of whisky. According to the Central Bank of Paraguay, official imports of whisky are sufficient to give every Paraguayan man, woman and child, two bottles a year; trade sources say that the real figure is a good bit higher. As usual, the answer to the riddle about where it all goes is to be found in Paraguay's flourishing smuggling trade to its richer neighbours—a sort of commercially - controlled evaporation process.

Losing heart

A new survey by the Copen*hagen Bureau of Statistics* shows that 343,000 Danes are living together in "paperless marriages"—what used to be called sin. This is 13 per cent of all couples, married or unmarried.

The bureau says there has been an increase in unmarried bliss of about 75 per cent in the course of only three years. But there is a good deal of wavering: 43 per cent of a sample said they intended to get married "one day," whereas of those who had lived together for six years or more only 19 per cent said they might be married *eventually*. The prospect seems to lose its charms with experience.

Observer

POLITICS TODAY

The Government's protection racket

WHEN I was at university, anyone who returned to college after midnight had to climb up a drainpipe, edge their way along a few second-floor ledges and enter through some unfortunate's window. The drainpipes were ringed with spikes and, occasionally, the usual window would be closed. But in general you found your way in.

So far as I know, no one at the time—not even those on the left—ever questioned the system. Nobody ever asked what was the purpose of the spikes: were they a deterrent to keep people out or a peg to help people in, or were they, in some peculiarly British way, a mixture of both? Nobody ever asked either what would happen if somebody fell. It was simply the way into college after midnight.

The only time I ever thought about the matter myself was when the dean of one college told me a story. He had been up all night because some drunken idiot had sat on a spike: there had been blood all over the place; and the dean had had to cart him off to the local infirmary. "Why," he said, "can't we give them keys?"

And, of course, the dean was perfectly right. There was nothing at all to be said for the maintenance of a system, the reasons for the existence of which had been forgotten. But there was everything to be said for a simple reform which would allow people to enter the place through the front door.

One is reminded of such unthinking conservatism and acceptance of the irrational by the publication this week of the Government's White Paper on the Reform of Section 2 of the Official Secrets Act, 1911. It would be unfair to blame the document's conservative tone entirely on the Prime Minister, although it was clearly he who decided that the virtual commitment of the Labour Party Manifesto of October, 1974 to a Freedom of Information Act could be ditched. Mr. Callaghan probably does believe that the reforms now proposed are genuinely progressive or are—as the White Paper puts it—"a necessary precursor of further change." From a conservative Prime Minister one could hardly expect more.

One should also exonerate Dr. David Owen, the Foreign Secretary, who is said to have remarked that the Cabinet meeting at which the White Paper was discussed was the worst he had ever attended. And yet there must have been a whole group of Cabinet members who should have known better, but who never appreciated what the debate was about and who consequently did not put up a fight.

The argument of such non-combatants might go as follows: "What's all this about freedom of information? Never had any trouble in my Department. When I have some information, I distribute it. Not, mark you, to everyone. You have to be a bit careful about so-and-so, and you can't trust the Daily Whatsit, and of course they can't say where it came from. But in general it works perfectly well. No need to go round cluttering up the Statute Book with new legislation."

In other words: "We once climbed up the drainpipe, so we'll always climb up the drainpipe."

There are several things wrong with such an approach. One is the purely tactical one that it gives ammunition to Mr. Anthony Wedgwood Benn, the Energy Secretary. Mr. Benn, not surprisingly, is in favour of greater freedom of information. In his own field he has done something to bring it about. He encouraged the setting up of the Windscale Inquiry and, to his credit, accepted the result, even though he may not have much liked it. In Cabinet he was against this week's White Paper, arguing for much more radical reform. Yet the bulk of the Cabinet, including very definitely the Prime Minister, is against Mr. Benn. It is surely, therefore, not very sensible to let him have the better of the argument, even if he has lost the present debate. Mr. Benn will fight again, next time with more support.

Bolshie

The fact that he has the better of the argument can be shown in a number of ways. For example, there are increasing signs that the public actually wants access to information and becomes distinctly bolshie when it does not get it. There could be no better case in point than that of the basing of the American tanker aircraft in the South of England. The residents near Greenham Common and the people of the Cotswolds were not against defence, NATO or the U.S., but they objected to having noisy American aeroplanes foisted upon them without being told why, and in the end they put up more effective resistance than has ever been achieved by the Campaign for Nuclear Disarmament. In the Cotswolds they lost, but one would expect that kind of opposition to government decisions affecting the environment—without any explanation being given—to continue. It was small consolation that the Ministry of Defence released a background paper on the aircraft after the decision had been taken.

That example concerns, if you like, community politics, though it also touches on the Government's ability to govern if it cannot get its decisions accepted at the local level. But there is another current case which, only by chance, also concerns aircraft and which could affect jobs and international relations for many years to come. It is the case of the British aerospace industry and whether it should go American or go European.

The Government's attitude so far has been to say that there is a number of options and that Parliament will be kept fully informed—namely by being told that there is a number of options, some of which are American and some European, and one of which is perhaps a mixture of both. The detailed information on which it might be possible to base a commercial or political judgment—or a balance between the two—is withheld until the decision is made. It looks like the very model of what the White Paper says is now a working assumption: "Once Ministers have reached their conclusion on a particular major policy study, associated factual and analytical material will be published." Yet it is very difficult to see how the publication of such material after the event can add the process of more open government or contribute to more considered decision-making.

Nor is this lack of information confined to the public at large. It extends to Ministers and certainly to the official Opposition. There are, in fact, Ministers in the Cabinet who have a legitimate interest in the aircraft decision and perhaps something to contribute to it, but who simply do not know what is going on because they do not sit on the relevant Cabinet Committee. As for the Opposition, Mrs. Thatcher would, I think, make better speeches about foreign affairs if she were told more about what is happening in the real world of diplomacy. As it is, she speaks like a very intelligent sixth former, deploying her arguments well, but devoid of experience and access to inside information. It is true that she has not complained about this, and perhaps she likes it that way. But it is hardly the best method of fostering informed debate.

In the end, however, the point that one is making is simply this: does the Government want to treat the public as adults, some of whom are quite as capable of making judgments as Ministers and civil servants, or does it not? The answer contained in the White Paper is plainly that it does not. After having had four years to think about it, the Government's conclusions are contained in paragraphs 46 and 47: legislation along the lines of a Freedom of Information Act "would completely change the nature of the Government's obligations," and "legislation to put the Government under a statutory duty to disclose information on demand would have wide implications." Of course it would, and that is precisely why one assumed that the Labour Party put the commitment to reform in its Manifesto in the first place.

There is one other comment that deserves exposure. It is claimed that legislation along the Swedish or American lines might be inappropriate in the British context "where the policies and decisions of the executive are under constant and vigilant scrutiny by Parliament." There could be few clearer examples of British hypocrisy than that statement. It is one of the fallacies of Ministers that Parliamentary back-benchers are not what they used to be and that they could easily elicit more information if only they tried harder. The fact is that they do not have the resources to do so and the whole business of Parliament is rigged in favour of the government.

The one remaining hope of early reform now seems to be the Report of the Select Committee on Procedure due at the beginning of August. Unfortunately it will appear too late for the two-day debate on its findings once promised by Mr. Callaghan. But it will at least be interesting to see the reactions of the two front benches.

* * *

ANYONE TALKING to senior Conservatives this week was likely to be greeted with the words: "Monday went all right, didn't it?" Monday, of course, was blue letter day—the day of Mrs. Thatcher's appearance live on *BBC Panorama*. The relief that it went well also reflects the apprehension about what might have happened if it had gone badly. It was a television appearance early this year, after all, that set off some of the doubts about the direction of her leadership. This time she stood her ground, talking if necessary through the interviewers—which in a way was one of the more impressive aspects of her performance. There can be no doubt about her determination.

There was one subject, however, which although only briefly mentioned will probably figure more and more strongly in her election campaign, and that is industrial output. Some Tories are almost obsessed with the idea of a kind of exponential British decline: if we do not check the fall now, the thinking goes, we shall soon be finished. Mrs. Thatcher is one of them. Sir Keith Joseph another and so is Lord Thorneycroft at Central Office who, incidentally, is one of the few businessmen at the top of the Party's hierarchy. The answer is seen in increased productivity, as indeed it is at the Treasury. But the question is: "how?" A great deal of time in the next few weeks is going to be spent thinking about that. The Tory Party will argue that in the interests of long-term recovery differentials have to be restored and efficiency increased. They will have to counter the argument that this will increase inflation and unemployment. Yet again one should not doubt the determination behind the present inchoate thought.

Malcolm Rutherford

Radio Times Hulton Picture Library

The Government's escape route.

Letters to the Editor

Accounting for leasing

From the Director-Secretary, Equipment Leasing Association.

Sir,—The development of accounting standards for leasing will surely be welcomed by all concerned with leasing. But agreement on that must not blur the fact that many of the assertions in the article (July 19) by Mr. Paul Rutteman are not accepted by the Equipment Leasing Association nor (and, in the context, this is more significant) by many lessees.

He says, for example, that a finance lease is in substance no more than a loan of money at interest. We contest this. The relation of a lease to any existing secured borrowing by a lessee is quite different from the relation of a new loan to existing borrowing, and it would be unfortunate if existing creditors were misled—as they might be if accounting treatment of a lease and a loan were to be identical. If two parties choose to enter into a loan agreement they may do so: but if they choose to enter into a lease why should they have to pretend that it is a loan?

Again, the article suggests that lessors' objection to capitalisation of leased assets in the accounts of the lessee is based on some fear about the destination of capital allowances. We contest this also; that is not our objection at all.

Our objection is very simple. Under a lease, title to the asset remains with the lessor, and we do not think it correct that the balance sheet of the lessee should include an asset that is not his and (under the lease) never will be.

The preamble to the article implies that lessors resist the proposals for capitalisation because the proposals involve disclosure. This is not so. We would like to say, in the plainest words possible, that this Association does not resist and never has resisted disclosure. We welcome it. But we do not consider that capitalisation in the balance sheet of lessees is the way to do it. In our view disclosure of the leasing commitments of lessees is best achieved by a note to the lessee's accounts: capitalisation in the balance sheet of the lessee is misleading.

B. Damer.
Queen Anne's Gate, SW1.

Restricted imports

From Mrs. J. Neufeld

Sir,—I am a retailer of craft products, mainly textiles, with a very high proportion of the goods being imported from Greece.

When import restrictions on textile products from certain countries were introduced at the beginning of the year, these did not extend to Greece, where the previously existing system of surveillance import licensing continued.

On July 12 I received a letter from the Department of Trade, advising me that with effect from that day the import, from Greece, of most articles of apparel made of cotton was prohibited, and that even those surveillance licences which had been granted were revoked.

When it is felt necessary to restrict the growth of imports from a particular source, surely it is reasonable to expect that this will be done in a manner which makes provision for orders already placed and which makes allowance for established importers, on the basis of their previous levels of imports.

By making no provision for orders already in preparation, the Government is in effect forcing me to break my contracts with my suppliers and, even if they do not sue me, it will hardly be a good basis for future business relations or indeed for the good reputation for integrity of British traders in general.

The nature of my business and the suppliers with whom I deal is such that I import modest quantities of these goods, spread over the year: a sudden cut-off such as the one now imposed places the viability of the shop, as well as the jobs of my two employees, in jeopardy.

J. H. Neufeld,
Byzantium.
1, Goodge Street, W1.

Training via TV

From the Managing Director, Data Laboratories.

Sir, — I noted with great interest a mention on a recent London Weekend TV programme "The nuts and bolts of the economy" of an idea for a TV educational programme for technicians. I consider this would be of tremendous value, since in my view the lack of technicians is the main obstacle to technological progress in this country. In this context the expansion of university education at the expense of technical colleges was a big mistake, and this could be redressed to some extent by adopting the plan for training through TV.

S. I. Warman.
28, Wates Way, Mitcham, Surrey.

Costly copies

From Mr. M. Hughes.

Sir, — In a recent programme on TV dealing with the rising price of eggs, it was stated by way of comparison that the price of a bar of chocolate had risen by over 12 times the wartime value, whereas eggs were barely twice the wartime value.

In the above context, it would seem that we are being ripped off by The Registrar-General in the issue of certified copies of birth certificates which are now costing £2.50 per copy, or 20 times the value applicable in 1947 when the statutory fee was 2s 6d.

A close friend, resident overseas, unable to obtain copies through the British High Commission, requested eight copies of his birth certificate which was issued in 1947. Unable to provide reimbursement because of exchange control restrictions, this request cost £20, which seems exorbitant. When I inquired if there was any possibility of a quantity discount, I was advised that even 100 copies of the same document would cost £2.50 per copy, or £250.

The shorter form of birth certificate at a cost of £1.50 per copy has no value for the purpose of acquiring visas or satisfying other imigration requirements.

M. B. Hughes.
14, Gunnersbury Manor, Elm Avenue, Ealing Common, W5.

Redundancy payments

From the Joint Managing Director, Plaxtons (Scarborough).

Sir, — I find it rather strange when reading about redundancy payments to British Steel Corporation workers in Treorchy, South Wales, that there is to be a payment of six weeks' wages apparently in lieu of notice when discussions have, quite obviously, been going on for some period of time and there are, one would imagine, very few workers who would not be receiving due notice if the plant is to shut down on September 30.

In addition, British Steel appears to be very generous with the tax-payers' money and it would be interesting to know how much of the additional payment over and above the statutory redundancy amount is being provided from within the UK and how much from the European Community.

H. B. Snell.
PO Box No. 3, Castle Works, Seamer Road, Scarborough.

Pensions and inflation

From Mr. D. Townsend

Sir,—In his letter of July 7, M. J. Rutherford states, quite correctly, that pay-as-you-go pension schemes are vulnerable in that they are subject to the employer's ability to remain solvent and profitable.

He goes on to say that only nationalised industries could avoid this danger by having state guaranteed schemes at the tax payers' expense, but that private industry must stay with funded pensions.

It is clear from Mr. Rutherford's letter that he is no champion of nationalisation, yet even he seems to accept that it is perfectly right and proper that tax payers' money should be used to buttress pension arrangements in the public sector but that similar support for the private sector is out of the question.

I would strenuously challenge this notion on the grounds that if tax payers' money is to be used in this manner, it should be for the benefit of all pensioners and not restricted to a privileged minority.

The current use of public funds to inflation-proof public sector pensions is a scandalous piece of discrimination against private sector pensioners which cannot possibly be justified. There is no valid administrative argument for not extending this benefit to private sector pensioners.

Governments which fully insulate one section of the community from the ravages of inflation but allow another to suffer a continuing reduction in real income (more than a 50 per cent loss of purchasing power since 1971) must either be deliberately divisive or grossly incompetent. The obvious excuse for failing to provide comprehensive protection to both sectors is presumably, lack of resources. This is not a sustainable argument for perpetuating the present unfairness.

It is difficult to think of any area of government involvement where the available resources are adequate, and the acceptable course in such circumstances is to "spread the butter more thinly." Were the "logic" which lies behind the "public sector only" policy to be extended, would we expect to see the provision of kidney machines for people living south of Potters Bar only, or child benefits going only to children born on a Thursday?

The Government should decide what amount of our money should be made available to all pensioners to compensate for its failure to preserve the value of our currency, and then apply it across the board. If this meant that only a partial offset to inflation were possible, so be it.

This approach would at least put an end to the present injustice and also remove a dangerous precedent which I suspect is partly responsible for Mr. Rutherford's tacit acceptance that further privileges be accorded to public sector employees exclusively, at the expense of the community as a whole.

uearnam Wheret
D. A. Townsend.
11, Janmead, Hutton, Essex.

Channel Islands legislation

From Robin Maxwell-Hyslop, MP

Sir,—I would like to comment upon the interesting letter from Mr. E. H. McDougall (July 19) concerning my article on the constitutional relationship between the Channel Islands and the United Kingdom. In passing, I must point out that the headline is not in fact written by the contributor!

Mr. McDougall is at some pains to disprove assertions which I never made. He says: "The Channel Islands were never conquered by England and have never been colonies to be treated by Parliament as it wished. They are dependents of the Sovereign . . . and it is to the Sovereign that they owe their allegiance and not to the UK Parliament." Quite so; I wrote nothing to the contrary. But the question is not one of allegiance anyway, since neither in the Channel Islands nor in the United Kingdom is allegiance owed to a Parliament. The question is one of the legislative competence of the UK Parliament in respect of the territory concerned.

In their written evidence to the Royal Commission on the Constitution, the States of Jersey recommended that the UK Parliament should pass a Bill which would define in UK law the existing convention by which the UK Parliament does not legislate for Jersey on a domestic matter without the consent of the States (para 1405). The States of Guernsey, on the contrary (para 1414) were opposed to any such definitive Act.

I drew distinctions between three catagories of legislation which the Westminster Parliament is capable of passing: that which is enforceable (ultimately by military force, if all else fails), that which is unenforceable, and that which while enforceable is "constitutionally outrageous or improper." To note these three categories is not to recommend the last, or to welcome the final sanction of enforcement inherent in the first.

The gravamen of Mr. McDougall's penultimate paragraph is not that the legislation of which he complains is illegal, but that it is contrary to the constitutional convention, and that the Government's arguments adduced in support of it are inconsistent. With both of those assertions I concur.

The purpose of my article, however, was to describe the constitutional relationship as it currently exists (which I believe that I have done accurately), rather than to comment on the merit of the Government's taxation measures.

Robin Maxwell-Hyslop.
House of Commons, SW1.

American Indians

From Mr. F. Ponniah.

Sir,—We have seen so much on TV and in the newspapers about the plight of Alexander Ginzburg and Mr. Anatoly Shcharansky and Western political leaders concern for these two people.

During this same period American Indians have walked 3,000 miles to Washington to remind the European settlers that the land they annexed is their ancestral land. Their protest reminds us of their existence and the right to a life in their own terms. This raises the issue of their ancestral land and land rights.

Perhaps President Carter and his European counterparts should set the good example of recognition of the validity of their case in a practical manner. I suggest they allow for the idea of a Red Indian state so that the land rights and therefore civil rights, that is human rights, are once again given to these ancient people.

Fitzroy Ponniah.
Flat 7, 29 Foley Street, W1.

Mandating directors

From Mr. P. McCaig

Sir,—Following the Bullock Report (with three university professors and one eminent historian making their own distinctive contributions to the issue of board room representation), we now have the Government White Paper on industrial democracy (sponsored this time by out of touch politicians and civil servants). Look for insance at Clause 25 of that document. It state "all directors on the top board, however appointed, will share the same legal duties and responsibilities. As under the present law all directors will be required to act on their own authority and responsibility. Company law prohibits the mandating of a director to vote in a particular way. The Government believes, as did the Bullock Committee, that there should be no departure from this principle and that there should be no question of employee or shareholder directors being mandated to vote in accordance with the instructions of those by whom they are appointed.

While everyone should realise that board members are not mandated by shareholders' wishes (in anything but the most general sense) since they are normally only in contact with them on one occasion in any one period of 12 months (the annual general meeting)—to suggest that any trade union nominated board members will not feel mandated from their branch or district committees, both in terms of receiving instructions from them and reporting back to them, is surely stretching incredulity too far!

Peter A. McCaig.
23, Toller Road, Quorn, Loughborough, Leics.

Payment of dividends

From Mr. F. Scott

Sir,—I read with interest the letter from Freda Bailey (July 15) and trust that the opinion expressed in the first paragraph does not prove to be justified.

By chance I noticed the following remarks recently in a copy of the Guardian dated November 23, 1965 which were made by Mr. Robert Carr (C-Mitcham) during the debate on the Air Corporation Bill.

"What was the Minister's dividend policy? It seems to me he has several alternatives. Is he going to set an example of dividend restraint and please Mr. George Brown, or declare maximum possible dividends and please the Treasury and Mr. Callaghan?" I do not know whether this attitude was only with regard to the specific matter of the debate (the BOAC-Cunard link) or whether it referred to the payment of dividends in general.

If the latter should be the case it may well be that a degree of optimism may be justified.

F. L. Scott.
Rosedene, Doncaster Road, Branton, Doncaster.

Today's Events

GENERAL

White Paper and statement by the Chancellor of the Exchequer on new pay guidelines.

British Airways engineering staff at Heathrow meet to discuss industrial action over claim for parity with British Caledonian staff at Gatwick.

President Giscard d'Estaing of France ends three-day official visit to Portugal.

Middle East Business Expo '78 opens, Grosvenor House, W.1 (until July 29).

London Chamber of Commerce seminar on Business with Eastern Europe, 69, Cannon Street, E.C.4, 10 a.m.

Queen visits Prison Officers training school, Leyhill, Wotton-Under-Edge.

PARLIAMENTARY BUSINESS

House of Commons: Lords message on Inner Urban Areas Bill. Independent Broadcasting Authority Bill, and Community Service of Offenders (Scotland) Bill. Motions on Cinematograph Films (Collection of Levy) Order, Protection of Depositors (Accounts) (Amendment) Regulations, European Space Agency Order, and Dominica Termination of Association Order. Consolidation measures: Employment Protection Bill (Lords) and Statute Law Repeals Bill (Lords).

OFFICIAL STATISTICS

New Vehicle registrations (June).

COMPANY RESULTS

Final dividends: Common Market Trust; H.T. Investments; Lowland Investment. Interim dividends: Carliol Investment Trust; Lloyds Bank; Robert H. Lowe; Tyneside Investment Trust.

COMPANY MEETINGS

Allida Packaging, Heanor, Beckenham, Kent, 10.30. Witan Derbyshire, 12. Portsmouth and Sunderland Newspapers, Sunderland, 12.30. Robertson Foods, Investment, 11, Austin Friars, E.C., 11.30.

COMPANY NEWS + COMMENT

Fodens jumps 62% to record £2.84m

DESPITE THE interference with production caused by suppliers' strikes in the early part of the second half, pre-tax profit of Fodens, the commercial vehicle manufacturer, jumped by 62 per cent from £1,758,000 to a record £2,844,000 for the year to March 31, 1978.

This compares with the directors' forecast of not less than £2.5m (an increase of at least 47 per cent) made in July, 1977. While at halfway, when reporting profit up from £343,000 to £1,277,000, they said that unless disputes were settled quickly it would be difficult to return the profit deserved.

Currently the UK market is holding up well, although competition, particularly from Europe is fierce, but exports are disappointing with the two main markets of the Middle East and Africa experiencing a period of demand hesitation, the directors now say.

Other specialised vehicle contracts are in a state of preparation, rather than delivery, they add, and consequently results for the current first-half will reflect this slowness in exports and the gap in specialised vehicles deliveries.

They expect that the second-half will produce a good result for the full-year, which after two years of rather rapid recovery will be one of consolidation, bringing in new UK models and generally equipping the company for further moves ahead in 1979-80.

Group turnover rose from £47.15m to £52.79m for 1977-78, while profit was struck after lower interest of £964,000 (£1.4m).

Basic earnings per 50p share are shown to be up from 13.1p to 27.7p, or fully diluted from 8.6p to 12.2p. The dividend is lifted to 3.35p (2.475p) net.

Attributable profit for the year emerged at £2.44m (£1.34m), after tax of £328,000 (£359,000), minorities £1,000 (£46,000), exchange deficit £37,000 (£13,000) and an extraordinary debit this time of £38,000.

● comment

Fodens figures are well up to expectations with profits ahead by 62 per cent and over £300,000 clear of the forecast made when fending off the Rolls-Royce bid. Exports have been a strong factor, and here Fodens has been able to use more of its own manufactured components, such as axles, which has helped offset supply problems caused by outside strikes. The company has been concentrating on the heavy end of the market where margins are better and this is apparent in the sales figure—only 12 per cent higher and the number of units roughly unchanged at 2,000. What did hit the share price yesterday was the cautious comments for the current six months: It seems fairly plain that the next set of figures are going to look poor. Fodens is then looking for an upturn which could offset the first half setback, but a determined effort is needed to squeeze the Continentals out of the UK truck market. Fleetmaster is Fodens initial attempt at fighting back at imports—so far this range is selling well. Meanwhile borrowings remain high at £8.4m compared with shareholders' funds of £12.1m. At 64p the yield of 8.2 per cent is well up on ERF and the fully diluted p/e is 5. But what the market may fear is another cyclical downturn in commercial vehicle demand—Fodens does not see it coming yet.

Downturn at Burt Boulton

AS PREDICTED in January, second-half profits at Burt Boulton fell from £382,000 to £247,000 leaving the pre-tax result for the March 31, 1978 year down from £1.03m to £0.88m. Directors say both the timber companies and the British road surfacing companies produced lower profits.

Turnover was down from £35.12m to £34.98m, and the profit was after depreciation of £0.46m (£0.44m) and debenture and other interest of £0.65m (£0.78m).

Directors say the new financial year does not look encouraging. Competition for the smaller total market is keen and great efforts will have to be made to maintain the present current profit level, they say. "During the year it is likely that the balance of our business will be adjusted to increase future profitability from our existing resources."

After tax of £0.43m (£0.5m) net profit was £0.44m (£0.52m). There was an extraordinary profit of £27,382 and last year £13,361 went to minority interests. Earnings per share are shown at 28.2p against 32.7p last time.

A final dividend of 6.5p net per £1 share leaves the total unchanged at 10p per share. The group's holding company, Thomas Roberts (Westminster), has waived the right to dividends totalling £22,620 on £348,000 of its 1,395,833 ordinary shares.

The company has "close" status.

Romney Trust advances in first half

Gross revenue of Romney Trust rose from £975,592 to £1.04m for the first half of 1978, and after all charges, including tax of £246,240 against £251,288, the available profit came out at £423,251 compared with £376,788 last time.

For the whole of 1977, gross revenue was £2.04m and the available balance was £800,927.

The interim dividend payament is unchanged at 0.8p net per 25p share, absorbing £221,792 (£221,228). A 1.85p final was paid last time.

As at June 30, 1978, investments, at market value, totalled £43.48m (£40.37m) and net assets came out at £42.93m (£41.52m), including the dollar premium of £6.03m (£5.24m), after net current liabilities £0.55m (£1.15m net current assets).

Net asset value per share is shown as 129.2p (120.1p) and 125.9p (117.7p) assuming full conversion of convertible unsecured loan stock.

During the half year some £70,429 of 4¾ per cent convertible unsecured loan stock 1973-98 was converted into 70,429 ordinary stock units; Romney also purchased £21,765 of this stock for cancellation.

Progress by Allied Textile

INCLUDING £200,160 exceptional income, taxable profits of Allied Textile Companies progressed from £1,388,685 to £1,645,635 for the six months to March 31, 1978. Turnover increased from £15.03m to £16.3m, of which direct exports represented 36 per cent, against 23 per cent last time.

The directors say the result may be seen as satisfactory across a time of continuing recession throughout the world's textile industries.

For the whole of the previous year, they reported a record £2.83m pre-tax profit on turnover of £30.7m.

After tax of £835,000 (£723,000) half-year earnings rose by 2p to 12.7p per 25p share. The interim dividend is stepped up to 4.209p (3.82652p) gross—last year's final was 5.99962p.

Trading profit for the period was arrived at after charging depreciation £536,964 (£530,507), directors' remuneration £89,959 (£72,884), bank interest £25,959 (£76,878) and loan interest £22,737 (£37,815), but included investment income of £12,532 (£12,686).

At the half-year, net current assets stood at £7.69m (£7.07m at September 30, 1977), and fixed assets were £5.09m (£5.11m). Cash at bank and in hand amounted to £1.58m (£0.96m).

Small midway rise at Bank Leumi UK

Reflecting the continued expansion of its business, profits of Bank Leumi (UK) for the first six months of 1978 are slightly higher than those of the same period last year, despite substantially lower interest rates which prevailed.

The interim dividend is maintained at 2.68p net per £1 share—for all 1977, payments totalled 7.36355p from £224,370 net taxed profit.

Hollis Bros. slumps in second half

WITH SECOND-half profits cut by more than a half from £1.1m to £0.53m, resulting from a fall in timber prices, pre-tax profits of Hollis Bros and ESA for the full March 31, 1978, year finished down from £2.21m to £1.36m.

Directors state that substantial provision has been made in the terminal stock values and that current trading is satisfactory.

The dividend payout is increased from 4.01918p to 4.48835p net per 25p share, the maximum allowed, as forecast, with a final payment of 3.3086p.

Turnover was ahead slightly for the year from £43.23m to £43.49m and the pre-tax figure was struck after interest charges £1.02m against £1.1m. Tax took £0.77m (£1.15m) and the resultant net profit, £0.78m compared with £1.06m, was reduced by an extraordinary debit of £33,986 (£50,576 credit).

Hollis is a timber etc. concern and manufactures educational equipment.

● comment

Hollis, like other smaller timber importers such as May and Hassell, found their timber merchanting margins hit much harder than the larger specialists such as Montague L. Meyer. The profit before tax and interest from merchanting and processing at Hollis slumped almost 46 per cent to £1,353,000. Currency movements hit softwood prices while the poor demand for hardwoods led to general overstocking and squeezed margins. Hollis had little help from the school stationery, teaching aids and educational equipment division where profits slumped but the remaining two divisions reported increased profits. Trading since the year end has been assisted by stabilised wood prices, increased productivity from the rebuilt tubular furniture factory at Stevenage and the switch in emphasis from school furniture to the more profitable contract furniture market. The dividend was increased by the maximum and the shares at 65p give a p/e of 7.2 and a yield of 11 per cent.

First quarter sales growth at R. Moss

First-quarter sales at Robert Moss, plastic moulding group, were some 14 per cent up on the same period last year, Mr. R. B. Cole, the chairman says in his annual statement.

But he says that in these uncertain times it is difficult to forecast the future. Given some improvement in the economy the group would expect to see profits exceed those of 1977-78.

With the same workforce as last year, 10 per cent more could be produced with a much greater ratio of profit, he says.

As previously reported, taxable profit for the March 31, 1978, year fell from £471,079 to £387,131 as orders from most of its major customer industries fell off.

Meeting, Oxford, August 16 at 3.30 pm.

Britannic Assurance income ahead

Industrial branch premium income at Britannic Assurance Company jumped from £18.56m to £21.21m in the June 30, 1978 half year.

Ordinary branch annual premiums rose from £6.06m to £6.76m and single premiums and annuity considerations were £133,000 (£130,200). General branch income was £3.83m against £3.1m.

New general sums assured in the period were £67.15m (£48.37m) with annual renewal premiums of £1.6m (£1.13m). On the industrial side, new sums assured were £89.31m (£71.77m) with premiums of £6.96m (£5.61m).

Freddie Mansfield

Mr. John Clement, chairman of Unigate, who yesterday announced a profit of £31.5m for 1977-78.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Textile .... int.	4.21	Oct. 2	3.83	—	9.83
Allnatt London	5.3	Sept. 8	3.03	4.3	3.86
Assoc. Fisheries ...... int.	Nil	—	1.2	—	3
Atlantic Assets	0.4	Nov. 20	0.4	0.4	0.4
Bank Leumi (UK) ... int.	2.68	Aug. 11	2.68	—	7.36
Berisfords .... int.	0.77	Aug. 31	0.7	—	2.42
Burt Boulton	6.5	Sept. 13	6.5	10	10
Bullough	§6.16	—	5.6	—	5.6
Crossley Bldg. .... int.	2	Aug. 14	2	—	4.13
Derby Trust .... int.	7.09	Aug. 31	6.3	—	13.43
East Daggafontein ... int.	§§25	Sept. 8	—	—	20
FMC	4	—	5	4	6
Fodens	3.35	Aug. 31	2.48	3.35	2.48
Forminster	‡3.17	—	1.89	5.24	3.74
Gordon and Gotch	2.64	—	1.21	5.28	2.4
Gt. Universal Stores	4.64	Dec. 22	4.15	8.25	7.39
Haslemere Est.	2.3	Oct. 5	2.01	3.3	2.06
Hollis Bros.	3.31	—	2.96	4.49	4.02
Lond. & Lomond Tst. int.	††1	Oct. 7	0.7	—	2.4
Nova (Jersey)	¶1	—	0.5	1.5	0.5
Provincial Cities	0.9	Sept. 22	0.82	1.48	1.35
Romney Tst. .... int.	0.8	Aug. 29	0.8	—	2.65
Alexander Russell 2nd int.	0.8	Sept. 7	0.70	2.24	2.01
St. Andrew Tst. ...... int.	2	Oct. 2	1.5	—	4.15
Stenhouse .... int.	1.82	Sept. 29	1.65	—	4.05
Tanjong Tin ...... 1st int.	2	Sept. 11	2	—	6.5
F. H. Tomkins	**0.65	—	0.57	1	0.87
Trustees Corp.	3.33	Sept. 22	2.7	4.83	4
Unigate	2.11	Oct. 2	1.57	3.44	3.08
Vaal Reefs .... int.	§§100	Sept. 8	55	—	115
Vita-Tex	2.3	—	2	3.3	3.2
Western Deep ...... int.	§§65	Sept. 8	35	—	82.5
Wynham Eng.	1.64	—	1.64	1.64	1.64

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Subject to any control or constraints after July 31, 1978. § Declared as 3p interim, payable September 13, and 3.163p second interim, payable March 21—a final will be recommended in light of legislation. ¶ Formal Treasury approval required. || Gross throughout. ** Subject to there being no dividend restraint. †† To reduce disparity. Unchanged final expected. §§ South African cents throughout.

Rubery Owen progress

INCREASED PRE-TAX profits of £1.92m for the year to October 1, 1977, have been achieved by Rubery Owen, the Midlands-based motor components supplier and one of the largest private companies in the UK.

A strike in late 1976 is estimated to have cost £750,000 in lost profit.

The directors have revised profit forecasts for the current year down to £3.3m, following a series of industrial disputes by its main customer, BL (formerly British Leyland).

The opportunity was taken during the year to write down losses and restore finances to a sound basis, while the sale of the forklift truck business to Coventry Climax and a loss-making Dutch fastener company helped reduce borrowings. Interest charges last year fell by £1m to £2.25m.

Oil-from-coal Canada style

CANADA'S Imperial Oil (Exxon) plans to develop its Judy Creek coal deposit north-west of Edmonton, Alberta, and ship the coal to its heavy oil extraction project at Cold Lake, 200 miles to the south-east, to raise steam for underground injection, reports our Montreal correspondent.

The coal, which could move by unit train or by slurry pipeline, is to be mined at the rate of 2.5m short tons a year. It will be used to raise the steam needed to heat up the heavy oil contained in sands down to 2,000 ft below the surface at Cold Lake. Once the oil is heated up, it flows underground towards production wells and is pumped to the surface. The key to the economics of the project—last estimated to cost C$4.7bn (£2.2bn)—is energy efficiency. That means the amount of energy used to get the oil up and processed into a crude that can be shipped to Canadian refineries in relation to that product's final value.

Using energy from coal to raise the steam, rather than part of the oil produced at Cold Lake, would boost the production rate by 16,000 barrels a day. Total daily production from the upgrading plant would be around 125,000 barrels daily. Indirectly coal is turned into oil, a more versatile form of energy.

Alexander Russell profit up

PROFITS, before tax, up £100,000 to £503,000, are reported by Alexander Russell for the year ended March 31, 1978. Turnover improved from £8.96m to £9.99m.

Earnings per share are given at 13.27p (13.89p) and a second interim dividend of 0.803p makes a maximum permitted total for the year of 2.243p per 10p share against 2.0093p. Should dividend controls cease or be relaxed, the board intends to recommend an additional payment.

Tax charge is £215,000 (£113,000) leaving net profit at £288,000 against £290,000.

AIRFIX

Due to typographical errors in yesterday's comment on Airfix, the p/e ratio and yield did not give complete figures. The conclusion should, therefore have read . . . on reported earnings the p/e is 10.2 and fully taxed 11.8, while the yield is a solid 10.2 per cent.

ISSUE NEWS AND COMMENT

Tecalemit rights and acquisition

Tecalemit is proposing a £2m rights issue and announces that agreement has been reached to buy a 70 per cent stake in French vehicle servicing equipment manufacturer, Fogautolube SA, for £1.6m in cash from the U.S. company Graco.

The basis of the rights call is one-for-five at 110p per share. In the market Tecalemit's shares closed 1p higher at 133p.

The directors say that although the cash position of the company remains strong they consider that additional equity should be raised to assist in financing the intended expansion of UK manufacturing capacity. Also the issue will provide a broader base on which to develop overseas.

Proceeds will be used to repay a £1m medium-term bank loan and £180,000 of 5½ per cent debenture stock when it falls due at the end of this month.

Finally the directors feel that the rights issue will have the effect of maintaining a reasonable ratio of borrowings to shareholders' funds following the proposed acquisition, which is subject to the consent of the French Government.

With the preliminary figures last month the directors recommended a final dividend for the year ended March 31, 1978 of 3.6482p per share. This makes a total of equivalent to 8.295p per share gross, which is a 69 per cent increase over the payment of the previous year.

Assuming that Government restraint does not allow this level of payment it is the intention of the directors to at least pay that rate of dividend in the current year.

Following the proposed acquisition Graco Incorporated, through its wholly-owned French subsidiary, will continue to hold 30 per cent of Fogautolube's equity. Fogautolube also manufactures pumps which are used by Graco.

The French company was acquired by Graco in 1969. In respect of the year ended November 30, 1977 Fogautolube's turnover amounted to £14m and pre-tax profits to nearly £700,000. Net tangible assets are quoted at £3.15m.

The cash consideration for the interest in Fogautolube will be financed by an unsecured term bank loan of FFr 13.8m (£1.6m) renewable 1983-85.

The disruption caused by the French general election and the consequent depressed state of trade affected both sales and profits of Fogautolube in the first half of the current year.

As a result profits will be significantly down after taking into account the interest cost of financing this acquisition. The initial contribution to Tecalemit will be small.

The issue is underwritten by Kleinwort Benson.

● comment

Tecalemit is not an obvious rights issue candidate. Last March the balance sheet showed net borrowings of £1.3m against shareholders' funds of £10.2m before deferred tax of another £3.17m. In fact the rights proceeds will be partly used in paying off a bank loan dated 1980-82. Adding a £1.6m loan to finance the French acquisition would hardly have strained the balance sheet though the company says the rights issue is partly made to maintain gearing ratios. Anyway it does ensure that the dividend the company was hoping to pay this year (before the announcement of further controls) is certain for the year ending next March. As for Fogautolube this will expand the company's existing garage equipment division. There are plans for an exchange of products which could have long term benefits but initially Fogautolube will not be adding much to profits. At 133p the prospective ex-rights yield rises to 6.4 per cent.

ERNEST JONES ATTRACTS £147M

The latest in the recent string of offers for sale, Ernest Jones (Jewellers) has met with a heavy response.

The offer for sale of 7.5m ordinary 10p shares at 115p each attracted 46,000 applications from the public for 128m shares worth £147.2m.

Applications were also received from 114 employees of Ernest Jones for a total of 106,000 shares.

Last May Eurotherm offered shares to raise £2.55m and attracted applications worth £245m and earlier this month Cartiers Superfoods' offer for sale of £1.77m attracted £186m.

The basis of allotment will be announced sometime today and it is expected that letters of acceptance or regret will be posted next Tuesday. Dealings start on Monday.

The issuing house is Hill Samuel.

Record £1.8m for Tomkins

For the April 30, 1978 year pre-tax profit of F. H. Tomkins advanced from £1.47m to a record £1.77m on turnover some £3m higher at £15.69m.

At half-time profit was £136,000 ahead at £636,000, and directors said that while turnover was well ahead a significant part of the increase was in less profitable areas of steel and fastener manufacture.

After tax of £0.93m (£0.77m) and minority interest of £3,250 (same), attributable profit was £0.84m (£0.69m) and earnings per 5p share are shown at 3.31p (2.736p).

Directors are recommending a 0.65p final compared with a 0.5066p payment last time for a total of 1p (0.8666p). The dividend is subject to there being no new legislation.

From the address by the Chairman, Mr S. J. L. Roberts, given at the Annual General Meeting of the Milk Marketing Board, July 1978

Massive vote vital to Board

IT is a great privilege for me to address this meeting for the first time as your elected Chairman.

It is no exaggeration to say that the last year has been one of the most important in the 45 years of the Board's history. The pricing arrangements have been changed following the end of the guaranteed price mechanism so that the Board now obtains its income from the market; and, of course, there have been the major negotiations within the EEC covering the permanent safeguarding of the Board's operations and powers.

The Board welcomed the successful conclusion of these very protracted and difficult negotiations, so effectively carried out by the Minister of Agriculture, the Right Honorable John Silkin MP. I would personally and on behalf of all our dairy farmers like to thank Mr Silkin and those members of his staff who worked so hard and patiently to achieve this satisfactory political settlement. We were confident that they would ultimately succeed, but were under no illusions about the difficulty of the task. The overwhelming all-party support in Parliament gave us great encouragement and undoubtedly added much weight to the Minister in the negotiations.

I should also like to acknowledge the constructive way in which Mr Gundelach and his senior staff handled his problem, recognising the value of he Boards not only within the United Kingdom, but throughout Europe, and putting forward proposals which, after the most detailed examination and debate, were generally accepted as fair and satisfactory to all parties. The National Farmers' Union too by their support helped greatly to achieve a satisfactory outcome and, in the line-by-line discussion particularly, members of our own staff made a splendid contribution. I should like to pay a very warm tribute to them.

Safeguarding our future in Europe

Two separate and distinct steps, both of them fundamental, had to be taken before dairy farmers in the UK could be sure that their Boards would be able to continue to operate under European law, on a permanent basis, with their essential powers *properly safeguarded.*

The first step was for the EEC Council of Ministers to approve new European Regulations proposed by the Commission amending Community Law to provide the formal legal framework for the Milk Marketing Board system, evolved so successfully over the years in the UK. This framework was approved by the politicians in June.

The second step will be for our dairy farmers themselves to prove to Europe that they really do want to "maintain their Milk Marketing Boards, carrying on their activities and exercising their rights" in accordance with the various existing Schemes as modified by the new EEC Regulations. To provide this proof a referendum will be held at the end of October and, to achieve a permanent safeguarding of the position, a massive vote of confidence in favour of retention of the Board has to be achieved.

The EEC Regulations quite properly insist that producers should be fully informed of the significance of the referendum. Papers on this will be sent to all producers in good time – indeed the first has gone out within the past week. One or two points about the referendum itself are of absolutely fundamental significance to producers.

First, they need to understand that before an MMB can be authorised, the voting in this referendum must show that:

The Board is supported by *at least 80% of milk producers* who vote in the referendum, and that

these producers represent *at least 50% of milk production* in the Board area.

These are very high percentage requirements and any apathy when the time comes could be disastrous. If the necessary percentages are not received – in other words, if producers vote 'no' or do not vote at all), the future of their whole milk marketing system will be in grave jeopardy. Nobody will be obliged to buy their milk – nobody will automatically be there to negotiate the price they receive for it, either in the long or the short term. If they do have a contract to sell to a distributor or manufacturer, producers will have to negotiate its terms and, if it is cancelled by the buyer, they will have to find a new buyer and negotiate new terms with him. It will be up to producers to arrange the date of payment by their buyer and to look after themselves if they meet any difficulty in obtaining payment.

This may sound a dramatic way of *describing the position,* but it is only *right that producers should fully understand* the significance and importance of their vote before they decide whether or how to exercise it. Even though the Board might continue to exist if the necessary percentage vote of confidence was not received, it would be a very different animal from the one that producers now know – it would not be obliged to buy all milk and indeed it might not be able to do so. There is now no room for negotiating further modifications to the Regulations with the Community and this referendum therefore represents the producers' one opportunity to say whether they do or do not want their Board to continue.

Permanent recognition

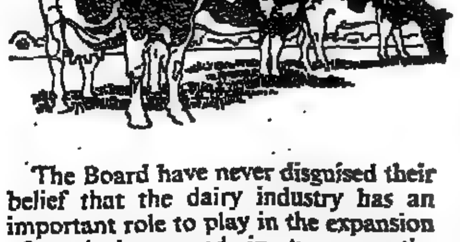
Put at its simplest, the Commission have recognised the merits of the Milk Marketing Board system, and declared their desire to see it preserved. Subject to certain conditions – designed to ensure compatibility with EEC rules on marketing, pricing and free competition – the Commission will authorise the setting up (or, in our case, the continuation) of such producer organisations, and will grant them:

a) the exclusive right to purchase all milk produced on farms in their areas (except where certain specific exemptions apply); with this right goes the obligation, as at present, to buy and market all milk of suitable quality that is offered from those farms; and
b) the right to 'pool' all returns from the market, and to pay 'equalised' prices to their producers, regardless of the use to which the individual producer's milk is put.

These powers are, of course, the twin foundation stones on which our Boards are built, and their permanent recognition will mean that there will be no fundamental change in the Board system.

There are a number of subsidiary rules and conditions attached to the new EEC legislation which have already been published and they will be explained fully to producers before voting takes place. I want to make it clear that the Board have discussed these Regulations very fully and have concluded that, although some would require minor changes in our operations, the package as a whole would enable the MMB to carry on its work for producers very much as before. They warmly welcome this satisfactory outcome and strongly recommend ALL producers to support *it with their votes* at the forthcoming referendum.

Expansion of Dairy Farming



The Board have never disguised their belief that the dairy industry has an important role to play in the expansion of agriculture and in turn on the growth and development of the rest of the economy. Living standards would not have suffered so badly from the effects of the post-1973 food price inflation, had our agricultural sector been larger. We should not overlook the fact that a 20 per cent increase in milk production could, together with the additional calves that a larger dairy herd would provide, replace imports to the value of up to £275–300 million a year, after allowing for the import of fertilisers and feed required to support the additional cows.

Equally important however is the general stimulus which expansion in the agricultural sector can give to employment and production in the rest of the British economy. Whilst not denying the fact that there is an import content involved in the expansion of the dairy industry, I would still argue that the stimulus given to the rest of industry by agricultural expansion is considerable, quite apart from the import saving. Expansion in a sector such as agriculture, with a high level of purchases from the rest of industry, is an employment-creating force. Moreover, since a very high level of our sales go to the food processing industry, an expansion in the home base of their raw materials is likely to protect the very substantial level of employment in that industry as well.

The Technological Race

The Board will continue to take an active part in the stimulation of technological development on all sides of our industry. Not enough attention has been drawn to the very substantial technological developments taking place both in farming and food processing. In the breeding and management of cows the last decade has seen the development of nitrogen freezing of semen, heat synchronisation by prostaglandin analogue, progesterone testing for pregnancy, electronic mastitis cell counting apparatus and in the cowshed the automatic feeding of cows and cluster removal and the near replacement of churns by bulk tanks. These are but a few things which have contributed to a substantial improvement in productivity on the farm through higher yields per cow and high labour and capital productivity. In the processing industry the Board's Technical Unit were amongst the first in the important development of membrane technology and more recently in the development and marketing of whey protein powder with its valuable by-products, glucose and galactose.

Research workers in the UK can be proud of the contributions they have made. For its part the Board will continue to put resources into research both by the use of its own staff and by financial support for work in universities and elsewhere. We are in a continuing technological race, and it is one we are determined not to lose. Successful research maximises the options open to us as we expand, both for finding new markets and for achieving the fullest economic efficiency in our operations.

I rest the case for the expansion of dairy farming in the UK on the economic benefits it would have for the nation as a whole. We have the technology, we have trained people, and our grassland is capable of producing more, if we invest in it. Given fair prices for our products, it will be possible to invest; this will create employment, strengthen the balance of payments and the longer-term growth rate of the economy; it will ensure a continuity of good quality products at a reasonable price for the consumer.

Producer prices

The other very big change to come about in the last year was the removal of the guaranteed price mechanism following the last step in transition on 1 January 1978, thus making us totally dependent on returns obtained from the market. The ending of the guaranteed price system has far from removed Government control over the industry's income. This is now exercised by direct control of the retail and wholesale price of liquid milk and through the "Green Pound" mechanism on manufacturing milk prices. All parties are feeling their way into a new system, and it behoves them all to look very carefully indeed to avoid mistakes that are more difficult to put right than in the past.

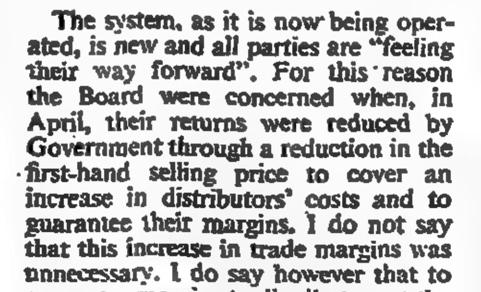
Markets

It would be easy for me to paint a very depressing picture of the markets for milk at the present time. Liquid milk sales fell quite sharply in the latter half of 1977 and are still falling, though less sharply, in 1978. Butter stocks are at record levels and a considerable proportion of our expanded butter production in 1978/79 will (temporarily, we hope) have to go into intervention. The cheese market, although an expanding one in the longer term, is also overloaded with stock, and the available capacity (here and abroad) to supply the market is well in excess of demand. This is the dark side, and the consideration of marketing strategy to cope with it has occupied the Board considerably in the past year. In my view however, though serious, these problems are short-term. The cheese capacity problem is the outcome of exaggerated optimism on the part of overseas suppliers as New Zealand is phased out. It should right itself by the early 1980's, provided the market continues to grow and neither we nor our competitors extend capacity in the meantime. The butter stock problem has been brought about to a large extent by the transitional price steps and delayed devaluations. No-one expects the problems of over-supply in Europe to disappear overnight, but at least they should ease in the UK. In the liquid market we are suffering from the rapid phasing out of the very large consumer subsidies of recent years. Once this hump has been got over, we would expect future price increases here not to cease, but at least to be more modest than in the last two years.

Call for devaluation

Having said this, let us remember the very large gap between the "Green Pound" and the commercial rate of exchange. Apart from necessitating a high liquid premium to support producers' prices, it gives importers the incentive to hold high stocks in anticipation of changes in mca's in the UK. We were highly incensed by the Council's decision in February not to allow a "Green Pound" devaluation to take effect in the dairy sector until after agreement had been reached in the Price Review. We could only interpret this to mean that maximum advantage was to be extracted by our competitors from the accidental effects of the operation of the system. It is our hope that "green" currency changes will not in future be so timed as to perpetuate this stock problem. It is ridiculous when the major deficit area for dairy products becomes the one to put the highest proportion of its output into intervention for reasons associated with the money muddle rather than marketing efficiency. The most fundamental way for the British Government to deal with this matter is, in the first instance, not to allow the gains to be as large as they are at present by having too wide a gap between the "green" and commercial rate of exchange. As a move in this direction, the Board would like to see a further devaluation of the "Green Pound" before the end of 1978. Whilst this would be unlikely to have a significant effect on producers' prices in 1978/79, it is very important to the future of producers' returns and to the maintenance of reasonable stability of liquid prices.

New pricing system

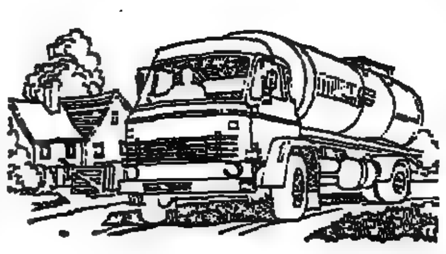


In 1978/79 producer prices and any improvement in them remain highly dependent on returns from the liquid market. We were disappointed by the Minister's announcement in the House of Commons in March that, after reviewing the situation, he did not think any change would be necessary before the autumn. The Board have taken the view that a *small* price increase early is far better from a marketing viewpoint (not to mention the political problems) than a larger one later. We have published a forecast schedule of prices for the year, despite the difficulties of anticipating how all the variables that are not under our control will move, and we shall do our best to meet these forecasts.

The system, as it is now being operated, is new and all parties are "feeling their way forward". For this reason the Board were concerned when, in April, their returns were reduced by Government through a reduction in the first-hand selling price to cover an increase in distributors' costs and to guarantee their margins. I do not say that this increase in trade margins was unnecessary. I do say however that to guarantee margins to distributors at the expense of the producers' price appears to throw most of the increased uncertainty in the new system on the shoulders of one party.

We need firmer assurances from Ministers if the new system is to allow us to continue to perform our marketing functions with the fullest efficiency. Part of this marketing function is linked to the seasonal determination of producers' prices, which hitherto has been the function of the Board. We were perturbed by the Minister's statement in March that seasonal cost changes were one of the factors "to be taken into account" as part of the autumn review of the liquid price. The Board believe it necessary to continue to maintain a schedule of prices which offers a premium for winter milk production. Producers have been advised before that we do not see any possibility of maintaining the relative size of that premium at the level which it has been at in the past. Furthermore, with an expanded industry we would not regard it as so necessary to have such a large winter premium and hence producers should have more options in their choice of calving pattern for profitable milk production. I must emphasise however that this is a *commercial* judgment, based on our ideas not only about the costs of milk production, but also the costs of moving milk about and the costs of manufacturing dairy products at the peak of milk production. I have emphasised that all parties are "feeling their way" with the new arrangements, but at the same time I must say that strictly commercial judgments are not ones we expect Government to take.

Commercial operations



The Board's commercial judgments are based not only on its experience in operating the Scheme itself, but also through the considerable amount of time spent in the course of a year on the problems of running our own businesses. These enterprises are not large in the various sectors of the industry in which they operate, except perhaps in ex-farm transport, but collectively their profits have now reached a level of some significance as far as producers' prices are concerned. In 1977/78 they earned £11.8 million, which was well up on the £6.7 million earned in 1976/77.

Under the new EEC Regulations the Board will continue to have the obligation to buy all milk provided it meets the required quality standards. Our commercial businesses on the manufacturing side have historically been the means by which we have fulfilled this 'buyer of last resort' function and they will continue to be important for this purpose in the future. Moreover, because these businesses buy milk on the same terms as any other buyer (which is, of course, vital to their purpose, but is now to be a requirement), they provide essential information and a variety of services to back the general marketing function – on costs and profits, on markets and experience in all aspects of business. It is partly through the link with creameries in particular that the Board is able to operate successfully its research and development activities, about which I spoke earlier.

By far the largest part of the Board's staff is employed in the Commercial Divisions, and the Board have in the last few years paid special attention to their organisational structure in this area. The Community require us to run these businesses as a separate entity and indeed, we had already forestalled this a year or so ago in our management structure. We are, I believe, managing these businesses along the right lines, and I hope producers will agree that it shows in the results.

Labour relations

Not least of the areas in which the Board gain knowledge and experience through its commercial operations is that of the employment of staff, probably the most vital and difficult area for management skill. The dairy industry provides employment to the many thousands of people in the transport, processing and distribution of milk and in the manufacture and sale of products. Equally, farmers are dependent on the smooth operation of this whole complicated organisation to secure the marketing of their milk production.

The Board is very conscious of the importance of good relationships between management and staff and trade unions; in the long run their essential interests coincide. We have therefore observed with satisfaction the development over the years of national bargaining machinery in the dairy trade and the recent establishment of the National Joint Council for the Dairy Industry in England and Wales. Our staff have played a significant part in these developments and will continue to do so with the whole-hearted support of the Board.

Achievements and opportunities

Opening the Royal Show, Mr Roy Jenkins spoke of the problem of surplus milk production in Europe and the means that might have to be taken to overcome it. In amplification of this formal comment, he subsequently agreed that, in areas of the Community which are suitable for milk production and where there is an established efficiency of production such as the UK, there was still a good case for modest expansion. This I believe to be the view of our own Minister and it is certainly the strongly held view of my Board.

I claim for our industry that its record of constantly improving efficiency is excellent. Yield per cow in the last 20 years has risen by some 50%, and the pace has quickened in more recent years rather than slowed down. Average herd size in England and Wales at 55 cows is three times the level in 1955 and with this change has gone an improvement in labour productivity of 4.4% per year from 121 man hours per cow per year (1955/57) to 45 hours estimated for 1977/78. It is a commonplace now to find herds in excess of 100 cows, milked and handled by one man.

Producer numbers have gone down to only one-third of their level 20 or so years ago. At the same time the real price of milk to wholesale producers has fallen by about one-third. Other sectors of our industry have also absorbed large cost increases through improved efficiency, particularly the transporting of milk from farms and in the manufacture of dairy products, which has benefited greatly from the fall in the number of units and the concentration of a much larger output in many fewer factories.

The result of this process has been lower *real* prices to consumers for liquid milk and for dairy products as well. Some of our markets (butter is the exception) have responded to these lower prices; cheese consumption in the last 20 years has risen from 4.5 kg per head in 1957 to 6.2 kg in 1977 i.e. by more than one-third, and cream consumption from 0.4 kg to 1.5 kg per head in the same period i.e. more than 250 per cent. Our liquid market has held up fairly well when others have fallen. Even following these substantial increases there is still room for a further major rise before our consumption of cream and cheese matches that of the Danes, the French and the Germans. We must remember too that we still produce in the UK less than 65% of our total requirement of milk and dairy products. On the basis of its improving efficiency our industry has a right to expand. This is good for those producers who continue to compete; it is certainly splendid for the consumer. Few industries serve the consumer better.

The Board and our staff

The last year did not see a large number of changes in the composition of the Board itself. Those which have taken place have all followed the retirement of Sir Richard Trehane. These changes were the election of Mr Alex Vedeniapin as a Special Member, my election at the July Board Meeting following last year's AGM to be your Chairman and the election of Mr Charles Wharton to be my Vice-Chairman. This is not the place for me to pay tribute to Sir Richard's work for the industry. This has already been done. I am pleased to be able to say that the Board are continuing, for a period, to retain his services as an adviser and he has been re-appointed Chairman of the Advisory Committee on Milk and Dairy Products in Brussels.

No less than in past years have we been grateful for the help and assistance received from what seems like an increasing number of groups of people. Many of them have already promised us their active support at the time of the referendum and I can but reiterate that we as milk producers must use that referendum to show everyone at home and in Europe just how important our Board is to us and by our overwhelming vote of confidence to justify the faith put in us so clearly and publicly by the whole British public, by all parties in Parliament both at Westminster and in Europe, by the Minister of Agriculture and his colleagues in Government and the Civil Services, by the media and not least by the Farmers' Unions and the British Agricultural Council. That was and is a great strength to us and we must in turn justify it.

In our Annual Report we made the point that an organisation is the people who work in it. Our organisation is strong and confident. They have served us splendidly in this most difficult year, and on behalf of all our dairy farmers, I must tell them how grateful you are and how much you rely on their continuing efficiency and involvement.

Finally, I should like to thank my own Board Members for the honour they have done me in electing me to be Chairman of your Board. Of itself to follow Sir Richard has not been easy. It has been a fascinating task and a special pleasure to be intimately concerned with the organisational structure of the Industry for the future. I have received throughout the year splendid support from my Vice-Chairman, Mr Charles Wharton, and Managing Director, Mr James Morton, to whom I should like to say "thank you very much".

MMB

Copies of the full address and the Annual Report & Accounts are available from:
Public Relations,
Milk Marketing Board,
Thames Ditton, Surrey KT7 0EL
Tel: 01-398 4101

GUS improves to £128m: current year starts well

FOLLOWING the £6.9m rise to £53.03m in the first half, profits before tax of Great Universal Stores increased to £128.1m for the year to March 31, 1978 compared with £112.3m previously.

And an encouraging start has been made to the current year, the directors say. Figures for the first three months show a satisfactory increase over the same period last year, particularly in mail order, furniture and fashions.

Including VAT of £86.43m (£75.4m), turnover for 1977-78 improved from £1.09bn to £1.24bn.

Earnings per 25p stock unit are shown at 25.3p (21.8p) and a *final dividend of 4.64p lifts the* total from 7.38620p to a maximum *permitted* 8.24875p.

The year's profit is after depre*ciation of £11.61m against* £9.38m. In addition there is an extra*ordinary surplus,* less tax, of £1.19m (£0.92m).

Hire purchase and other instalment receivables at the year-end totalled £99.77m against £86.78m at March 31 last year.

	Year 1977-78 £000	Year 1976-77 £000
Outside turnover*	1,240,967	1,057,537
Depreciation	11,607	9,384
Profit before taxation	128,102	112,292
Taxation†	65,028	57,784
Minorities	22	187
Pref. dividends ...EAOIN SH CM VI.		
Preference dividends	78	79
Ordinary dividends	20,306	18,362
Retained	42,478	35,889

* Including VAT. † Including £13.92m (£12.39m) deferred tax.

See Lex

Crescent Japan earnings rise

Earnings per 50p share of Crescent Japan Investment Trust are shown to be up from 0.063p to 0.706p for the six months ended *June 30, 1978.*

Pre-tax revenue is sharply higher *at £92,179 against £7,874* and after tax of £47,907 (£3,899), *the net balance comes through at £44,222 (£3,975). For all 1977 net revenue was £38,000 and earnings 0.601p.*

The net asset value was *344.3p* (176.1p).

Gordon & Gotch on target

PROFITS BEFORE tax of Gordon *and Gotch Holdings have fulfilled* expectations for the year ended *March 31, 1978, and have topped* £1m for the first time to reach *£1,006,978, compared* with £800,653 in the previous year.

The profit forecast was made at the interim stage when profits *had risen from £362,000 to £508,000.*

The final dividend is the anticipated 2.64p making a total of 5.28p compared with 2.4p previously. The directors assume there will be no further dividend legislation.

Earnings per 25p share are given at 11.92p against 9.18p—a rise of more *than 30 per cent.*

	Year 1977-78 £	Year 1976-77 £
Turnover	28,091,849	26,217,759
Profit†	1,006,978	800,653
Tax	453,535	378,346
Minorities	8,733	2,935
Attributable	544,708	419,372
Dividends	242,161	108,935
Retained	302,547	310,417

† Including share of associates.

Sir Anthony Percival, chairman, says the group's traditional export business in British periodicals and books is declining each year in physical volume, because high printing and production costs in the UK are pricing many British publications out of overseas markets, particularly in Canada.

The profits would not have been so well *maintained, he says, had* it not been for the successful *implementation over the last 10* years of the board's policy of *cautious diversification.*

As a result of past efforts, the *group could continue to pay* the currently proposed level of divi*dend indefinitely, simply* from prior investments in buildings and *quoted securities,* without taking any account of income from traditional export trading, the chairman says.

Well over half shareholders' total profits, stem from freight forwarding divisions, the computer bureau and from two associate companies. All these diversified businesses are expanding.

Trustees Corp. earns and pays more

Revenue of Trustees Corporation for the May 31, 1978, year, came out *ahead at £1.57m against* £1.3m after all charges, including tax *of £0.88m,* compared with £0.74m last time. Gross income for the year was up from £2.97m to £3.32m.

Earnings per 25p share are shown as 5.2p (4.28p) and the dividend is increased to 4.85p (4p) net with a final payment of 3.35p. Net asset value per share is given *as 192.8p (167.1p).*

AF loses £1.3m in first half

AS INDICATED in March, Associated Fisheries incurred a loss for the first half-year ended March 31, 1978—the amount is £1.35m compared with profits of £1.47m in the same period last year.

The deficit is due entirely to the crisis in *distant water fishing,* arising from a denial of access *to customary grounds* and exacerbated by the continuing *failure of negotiations for a re*vised common fisheries' policy, Mr. P. M. Tapscott, *the chairman,* says.

In contrast, the *trading* profit from other activities, which include cold storage, warehousing, transport, food processing and restaurants, is nearly 50 per cent higher.

The chairman says it is too early to estimate the outcome for the year, but the trend should be one of improvement as a result of remedial measures already taken.

Loss per share for the first half, before extraordinary items and after charging the preference *dividend is given as 3.13p (2.93p* earnings). No interim dividend *is declared against 1.2p last year.* In 1976-1977 the group paid a total dividend *of 3p from pre-tax* profits of £3.59m.

Turnover amounted to £39.6m (£49.12m) with trawling and engineering contributing £16.52m (£20.7m) and other activities £23.08m (£28.4m). Trawling and engineering lost £1.87m against £2.31m profit, while other activi*ties profit was £866,000 (£590,000).*

	Half year 1978 £000	1977 £000
Turnover	39,604	49,118
Trading loss	1,367	*2,169
Associates losses	718	*370
Exceptional profit	730	†1,074
Loss before tax	1,359	*1,465
Tax credit	368	‡778
Minorities	249	.160
Attributable loss	378	*339
Extraordinary debit	38	—
Preference dividends	13	13
Interim ordinary	—	211

* Profit. † Debit. ‡ Charge.

Exceptional items, comprising the disposals of three vessels, have produced a profit *of* £730,000, but this is negated by losses arising *from* associated trawling companies, which include a provision for start-up losses from the Australian venture.

Since the new year, the group *has cut back its fishing operations* in Fleetwood and on the *Humber substantially,* with unavoidable redundancies, in an *endeavour to bring costs into* line with likely income but their full impact will scarcely be felt until the end of the financial year.

Non-trawling activities should continue to give encouragement and the major expansion of the Wolverhampton cold store is almost complete, the chairman says.

See also Page 35

Forminster ahead at peak £1.3m

A SECOND-HALF profit of £0.69m at Forminster against £0.63m lifted the pre-tax figure for the full April 30, 1978, year from £1.09m to a peak £1.26m.

At the interim stage the directors reported profits ahead at £0.56m *(£0.46m)* and were confident of record profits *for the* full year.

Turnover for the full period was up by £1.79m to £12.08m and pre*tax profits* were subject to tax of £0.67m compared with £0.57m. Net profit emerged higher at £0.59m (£0.52m).

Earnings per 10p share are shown as 20.12p (21.01p) and a final dividend of 3.1691p *(1.892385p),* which *is subject to* any control or constraints exist*ing after July 31, 1978, lifts the* total to 5.2415p (3.744885p) net. Also proposed is a one-for-two scrip issue.

Directors say that in the event of dividends being subject to any such constraint, the rate will be reduced to comply: on the basis of current legislation being con*tinued, the final dividend will be* 2.10981p net.

Forminster manufactures ladies and children's outerwear clothing.

Second-half surge lifts Unigate to peak £31.5m

AFTER A jump of £8m in second-*half profits to* £21.4m, taxable profits of Unigate rose from £22.8m to £31.5m in the 52 weeks to March 25, 1978. Turnover was £973.8m compared with £862.9m previously.

At half-way, directors said results had held up well in light of the reduced consumer spending on food.

The peak result for the year includes retrospective margin awards of £2.8m (£2.9m) and associate contributions *of £0.5m* (same), and is after interest of £6m (£6.1m).

The £13.5m (£8.8m) tax charge includes *overseas tax of* £1.1m (£1.3m) and is after deducting *relief of £0.5m (£1.1m) on the* excess of the writing down allow*ances* over depreciation of industrial buildings. Last year provi*sions* no longer required of £0.3m were deducted.

Attributable profit came out at £17.3m (£13.5m) and earnings per 25p share are shown ahead from 6.86p to 8.81p.

The final dividend of 2.105p, based on a 33 per cent ACT rate, takes the total from 3.0772p to a maximum permitted 3.435p net. Dividends will absorb £6.88m (£6.11m).

For the first time, depreciation was charged on freehold properties and trading profit was arrived at after charging £1.3m.

	1977-78 £m	1976-77 £m
Turnover	973.8	862.9
Trading profit	34.2	23.5
Retrspctve. margin awards	2.8	2.9
Assoc. companies	0.5	0.5
Interest	6.0	6.1
Profit before tax	31.5	22.8
Tax	13.5	8.8
Net profits	19.0	14.0
To minorities	1.4	0.3
Extraordinary loss	0.2	0.1
Pref. dividends	0.1	0.1
Attributable	17.3	13.5

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Carliol Investment Trust, CSC Investment Trust, Lloyds Bank, Robert H Lowe, Tyneside Investment Trust.

Finals: Common Market Trust, Initial Services, Ward and Goldstone.

FUTURE DATES

Interims	
Davies and Metcalfe	Aug. 8
Pratt (F.) Engineering	July 26
Royal Insurance	Aug. 17
Yorkshire Chemical	July 27
Finals—	
A.A.H.	July 24
Acrow	Aug. 2
Arlington Motor	Aug. 1
Letraset International	July 27
Stock Conversion and Inv. Trust	July 26

Invergordon Distillers £0.76m so far

For the three months to June 30, 1978, Invergordon Distillers (Holdings) reports pre-tax profit of £757,000 on sales of £4.2m. For first half of 1977/78 the surplus was £1.23m on turnover of £6.93m.

As a result of Hawker Siddeley acquiring a controlling interest in Carlton *Industries, which holds* 76.2 per cent of Invergordon's *equity, the companys accounting* year end will be changed to December 31.

An interim of 0.7p net has already been declared, payable on October 4 ,and it is expected that a final will be paid in May 1979.

The directors say they do not intend to issue a further interim statement in respect of current accounting period which is expected *to show a further in*crease in turnover and improved *margins over same period of last* year.

For the whole of 1977/78 profit was a record £1.84m and pay*ments totalled 2.23356p per 25p* share.

Upturn at Nova Jersey

WITH TURNOVER up sharply from *£4.84m to £6.52m* taxable profit of Nova (Jersey) Knit doubled *to £236,000 in the March* 31, 1978, year. At half-way, profit was £103,000, compared with £24,000 previously.

The result is after loan stock interest of £53,000 (£71,000) and is subject to tax of £132,000 (£22,000). There were extraordinary debits of £24,000 (£74,000), and earnings per share are shown up from 3.26p to 3.56p.

Directors are recommending a 1p net per 20p share final for a total of 1.5p compared with 0.5p. Formal Treasury approval is required for the increase.

Directors say that while the *current trading position* is encouraging, the uncertainties—*especially* in the fibres industry—make any meaningful *forecast* impossible.

They point out that the company did not receive any temporary employment subsidy in the year.

Strong half for Bullough

ANNOUNCING A growth in pre-*tax surplus from £1,450,300 to £2,174,000 for the half-year to April 30, 1978,* the directors of Bullough say the outlook for the second six months is good with profit expected to be similar to that now reported. For the whole of the 1976-77 year, a record £3.05m was achieved.

Turnover *for the* period improved from £14.19m to £18.5m, and *after tax of £1.13m (£0.75m)* net profit was ahead from £0.7m *to £1.04m.*

As forecast at the time of the rights issue in March, an interim dividend of 3p (2.645p) net and a second interim of 3.163p (final 2.9884p) are to be paid—any final will be recommended in the light of legislation.

The directors report that strong first-half performance owes much to continued good results from *Beanstalk Shelving and Project* Office Furniture. Hago Products *made a fine recovery* with a significant contribution to profit *against a loss at this* time last year.

The acquisition of the Newman Granger Group in February has been amply justified by good results since that time, they say, these companies contributing nearly 8 per cent (after interest on new borrowings) to the profit now reported.

B and B Trailers showed a *reduced profit as a result of* trading at a lower level while the *caravan industry recovers* from the effects of last season's overstocking.

LDN. & ABERDEEN

The liquidator of London and Aberdeen *Investment* Trust announces a final distribution of *14.43p per 5p share,* payable July 26 which compares with an estimate of between 1p and 8p given in the liquidator's letter of March 13, 1978.

Revenue up at Atlantic Assets Trust

Revenue of Atlantic Assets Trust increased from £296,000 to £349,000 in the year ended June 30, 1978 before tax of £148,000 against £118,000.

The dividend is maintained at a single 0.4p net—earnings per 25p share are shown at 0.49p (0.41p) and net assets per share are 148p against 101p.

The directors point out that the trust is designed for clients seeking capital appreciation and not for those seeking income.

Liquidation on the cards for Sena Sugar

Liquidation of Sena Sugar appears to be inevitable according to the Board, following responses of the Mozambique authorities. The shares were suspended yesterday at 5½p.

The Mozambique authorities have rejected Sena Sugar's proposals for dealing with the company's burden of debt, described *in a letter to stock*holders of May 8. Moreover, permission has been refused for the remittance of funds from Mozambique for London office expenditure for any period after March 31, 1978.

*The Board is studying the posi*tion before posting formal notices *calling meetings of creditors* and stockholders to consider resolutions to wind up the company.

Progress at Cullen's Stores

Turnover at Cullen's Stores since the end of February, has kept up satisfactorily, the directors say in their annual report.

The Board firmly believes in the future of small "personal" shops and the group is in a very good position to benefit from this trend.

During 1977-78, three unprofitable units at Wantage, Radlett and Finchley Road were closed, but new businesses to replace these are being actively sought.

For the year ended February 28, 1978, pre-tax profits were £233,850 against £297,209 on turnover, excluding VAT, of £15.01m (£14.37m). The dividend total is 4.32p (4.5p).

Freehold properties have been revalued on a current market basis and in the opinion of the directors, are worth not less than £3.5m as at February 28 this year. *Similar* valuations are being obtained for the long leasehold interests.

Haslemere Estates £1m profit rise

PRE-TAX profits of Haslemere *Estates* advanced over £1m from £1.8m to £2.83m for the March 31, *1978 year. Net rental revenue was* up £1.27m to £8.36m.

The year's figure was struck after ground rents and other outgoings of £337,481 (£203,342), which arose on properties under development until they are let. And it was subject to tax of £586,370 (£400,115) which was after tax relief of £1.28m (£1.12m) on industrial buildings, plant and machinery.

Net profit came out at £2.24m compared with £1.4m last time and earnings per 10p share are *shown as 9.612p (6.026p) basic,* and 10.374p (7.572p) on a "nil" *basis.*

The dividend is stepped up to a *maximum 3.303069p (2.95692p)* net absorbing £771,093 (£688,360) *with a final payment of 2.303069p.*

There was an extraordinary debit for the period of £432,128 (£433,093 credit) which was covered by a transfer from (to) capital reserve.

Properties in investment portfolio were valued at year-end at £121,698,500, and properties in course of development, for development or for sale are held at cost of £4,496,908.

Stock of properties held by *trading subsidiaries at March 31,* 1978 totalled £2,833,457.

Net asset value per share is given as 317p basic and 302p, diluted.

UK Provident new sums up 91%

Total new premium income written by UK Provident in the June 30, 1978, six months advanced 90.6 per cent from *£4.49m* to £8.56m. Annual premiums written were £8.6m and sums assured exceeded £220m.

Directors say the improvement was evident over the whole range of contracts with support continuing for its executive and self-employed pension plans, reflecting the buoyant trend in the market.

Castings in line for more improvement

A further record output and *even more satisfactory* results in 1978-79 are anticipated by Mr. J. F. Cooke, the chairman of Castings, the malleable ironfounding group.

Members are told in his annual statement that the company can *look forward* with every confidence to being able to meet both *foreign and home competition* providing it maintains good output and the same quality and service.

As reported on May 27, taxable profits rose from £555,326 to a record £782,284 for the year to *March 31, 1978,* on sales of *£4.73m* (£3.97m).

A statement of source and applications of funds shows that *net liquid funds increased by* £435,650 (£408,011 decrease).

Capital expenditure in 1978-79 is expected to be some £378,000 (£221,300), which includes an amount of £123,000 in respect of the Clean Air Act of 1974 requirements.

This also includes £80,000 for the cost of an additional pattern shop at the Brownhills site, which will increase the company's capacity to produce further patterns under its own control.

Meeting, Walsall, August 10, at 2 pm.

BANK RETURN

—	Wednesday July 19 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposit	22,531,724	— 500,746
Special Deposits	871,876,000	— 3,005,000
Bankers	615,903,106	+ 146,026,580
Reserves & Other A/cs	615,510,376	+ 4,258,573
	2,140,373,206	+ 145,779,686
ASSETS		
Govt. Securities	1,244,051,098	— 138,745,000
Advanced & Other A/cs	565,464,242	+ 275,444,334
Premises, Equip't & other Secs	311,218,008	+ 16,370
Notes	19,431,463	+ 9,066,555
Coin	208,405	— 1,673
	2,140,373,206	+ 145,779,686
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,700,000,000	+ 200,000,000
In Circulation	8,680,568,537	+ 190,934,445
In Bank'g Dept	19,431,463	+ 9,066,555
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,505,166,839	— 6,061,153
Other Securities	1,185,818,061	+ 206,061,159
	8,700,000,000	+ 200,000,000

Allnatt London advances to £3.47m

Including dividends from associates, taxable *profits of Allnatt* London Properties advanced from *£2,710,729 to £3,466,412 for the year* to March 31, 1978, with £1,522,900 against £1,189,100 arising in the first half.

After tax of £1,583,740 (£1,268,820) stated earnings rose from 7.4p to 9.61p per 25p share. A final dividend of 3.3p (3.0225p) steps up the total payment from 3.86p to 4.3p net—Mr. R. W. Diggens has waived dividends amounting to £165,350 (£160,063).

Henderson-Kenton sees very good year

MR. DAVID HYMAN, chairman of Henderson-Kenton forecasts that 1978/79 will be a very good year for the group. Current trading shows a substantial increase in turnover over the depressed levels of 1977 and he is optimistic that the present trend will continue.

The UK network is being expanded and three new branches are due to open in the current year with one new one next year. Negotiations for other branches continue and the group is concentrating its efforts in Yorkshire, Lancashire and North East England where the group is not well represented.

As reported on July 4 profits, before tax, of this furnishing group improved from £1.41m. to £1.43m. adjusted for inflation they appear at £996,000 (£1.11m.).

The chairman reports that instalment credit business during the year expanded at an increased rate and after a further transfer, the reserve for unrealised profits now stands at £3.4m. This year a transfer up from £300,000 to £881,000 was made. The increase arose due to the high rate of credit business conducted during the latter part of the year. Instalment debtors showed an increase to £11.45m (£8.93m) at the year end.

The chairman reported last *September that the original* mortgages and associated insur*ance policies had been redeemed* for £349,000 throwing up a tax free profit of £102,000. The properties released were originally valued at £0.75m and had a market value of over £1.23m. Arrangements were concluded with ICFC for the provision of £1.5m of mortgage finance over 15 years at 14.5 per cent payable on the reducing balance. This loan can be repaid in three years' time at the group's option only.

The chairman says that these new arrangements together with a lower expenditure on property, especially freehold purchases this year, has left the group with considerable unused finance facili*ties available for future expansion.*

The directors have carried out an *internal valuation of proper*ties which exceeds book value by at least *£2m.*

The group is selling the few residential *properties owned* and in this context has sold a property *for £84,000 (market value) to Mr.* David Hyman.

The accounts also reveal that Mr. G. P. Eisen, a non-executive director, resigned on June 1, 1978. At that date he held 15.2 per cent of the company's equity. The total interest of the directors and or families at March 31 (excluding Mr. Eisen) is shown at 1,804,468 compared with 2,342,768 a year earlier.

Meeting Hotel Inter-Continental, W, September 11 at noon.

Sun Life progress

Total new annual premium income of the Sun Life Assurance *Group for the first six months of* 1978 rose by 55 per cent to £14.4m, *from £9.3m, while single premiums* increased by 31 per cent to £15.2m from £11.6m.

The pensions market has been particularly buoyant largely as a consequence of the Social Security Pensions Act 1975 becoming operative from April 6, 1978. New annual premium income for pensions business, including policies for the self-employed, was up by 71 per cent to £10.9m with single premiums virtually unchanged at £3.7m.

Non-schemes business showed increases of 20 per cent in new annual premium income to £3.5m, with single premiums up 46 per cent to £11.5m.

First half boost for Derby Trust

First-half profits from Derby *Trust show an above average* increase at £350,624, compared with £259,164. But this was to a considerable extent due to interest received on a gilt-edged holding which will not be repeated in the second half.

The interim dividend is lifted from 6.299p to 7.09p per £1 share: present forecasts indicate that the total will be roughly equal to the 13.429p paid for 1977.

After tax £141,266 (£98,361), net profit for the half year came out at £209,358 (£160,303).

Net asset value per share was 372½p (345p).

FMC slumps to £0.93m on EEC ruling

PRE-TAX profits of FMC, a 71.8 per cent owned subsidiary of NFU Development Trust, slumped in the April 29 1978 year from £3.1m to £0.93m after a first-half turnround from a £1.16m profit to a loss of £0.35m; directors then forecast a return to profitability for the full year.

Sales for the full period advanced £46.72m to £498.7m which included sales of £76.15m (£75.32m) within the group.

The directors now say they are confident that the current restructuring of the group will improve performance, even in the continuing unsatisfactory trading conditions. And, given an improvement in those conditions, they say profits will increase at a more satisfactory rate than in previous years.

Earnings per 25p share, before extraordinary items, are shown as 12.51p (19.42p) and the dividend is down by a third from 6p to 4p net.

Mr. David Darbishire, chairman, commented that for the whole of the 1977-78 year, the trade suffered the severe handicap of heavily subsidised imports and penalised exports as a result of the operation of the Common Market rules on monetary compensatory amounts (MCAs), coupled with the continued failure to ensure that the green pound was brought more closely into line with the true value of the pound itself.

The present lack of confidence within UK meat-based industries, he said, was already reflected in the lower pig breeding herd, a reduction in the beef herd, reduced investment and fewer jobs.

Action taken during the year enabled the FMC meat division to eliminate earlier losses and produce a small but totally inadequate profit in relation to the turnover involved. Results of the group's New Zealand lamb business were satisfactory in a difficult year, the chairman stated.

The bacon and poultry divisions returned profits somewhat lower than last year. And the Harris manufactured meat products and frozen foods divisions suffered heavily as a result of the advantage enjoyed by imports and incurred a substantial loss.

The operations of the group have been restructured into four main trading divisions, namely FMC meat and by-products division, FMC pigs and Harris bacon division, Harris processed foods division, and FMC poultry division.

Directors are now engaged on furthering the programme of rationalisation and modernisation with the objects of improving profitability and consolidating the group's position in the markets for fresh and frozen meat, bacon, manufactured meat products and frozen foods.

The rationalisation of the business in the current year will leave the group well placed to expand its share of the market and for investment in the modernisation of production facilities.

Pre-tax profits were struck after bank overdrafts and loan interest £1.79m (£2.11m) and an exceptional debit of £0.24m (£0.32m) which, for 1977-78 included redundancy payments. Associates share of profits expanded from £14,000 to £62,000.

There was a tax credit for the year of £0.53m, due to a release from deferred tax primarily arising from allowance for capital expenditure in the current year, against a £0.97m charge last time. Earnings available came out at £0.55m (£1.94m) after an extraordinary debit of £0.7m (nil) which is the sum set aside to cover the anticipated cost of rationalisation.

First-half rise at St. Andrew

First-half 1978 revenue of St. Andrew Trust rose from £414,327 to £482,608 subject to tax of £183,634 against £162,216. Pre-tax revenue for the whole of 1977 was £823,778.

Earnings are shown as 2.5p (2.09p) per 25p share. The interim dividend payment is raised to 2p (1.5p) net, and directors forecast a final of at least 2.5p (2.65p).

Net asset value per share, with prior charges at par, is 161.4p (149.6p), and 166.3p (155.2p) at market value.

Vita-Tex ahead to £507,000

FOLLOWING A £10,000 rise to £207,000 at midway, pre-tax profit of Vita-Tex, warp knitted fabric group, ended the April 30, 1978 year ahead from £481,000 to £507,000.

Turnover was down from £7.59m to £7.53m and the result was after depreciation of £243,000 (£245,000) and interest payable of £91,000 (£107,000).

Tax took £250,000 (£246,000) and there was an extraordinary loss of £55,000, being the terminal losses and closure costs of Merton Printers. Directors say satisfactory arrangements have been made for the leasing of the Merton property.

They say the current year has begun well with sales of specialised industrial fabrics — which last year amounted to 38 per cent of turnover—continuing to grow. Given peace at its major customers' plants they expect further improvement as several major new contracts are turned into sales.

The final dividend of 2.3p (2p) takes the total to 3.5p (3.2p) net per 20p share.

Exports boost Berisfords

DUE TO an increase in its overseas activities, Berisfords announces a rise in taxable profits from £437,000 to £449,000 for the half year to May 20, 1978. Profit for the full November 24, 1977 year expanded to a peak £1.04m.

Directors say that most of the increase in external sales, ahead from £3.66m to £4.2m, came from exports which expanded 24 per cent. However, they add that fashion did not favour the group's trimming division this Spring, but that the new Autumn range has had a good reception and they see signs of a busier period in the second half of the year.

In all divisions of the business directors feel they can look to the future with confidence.

	Half year 1977-78 £000	1976-77 £000
External sales	4.197	3.658
Profits before tax	449	437
Taxation	233	227
Net profit	216	210
Extraord. credit	11	—
Making	227	210
Dividend	31	28
Leaving	196	182

Earnings per 25p share are shown to be up slightly from 5.2p to 5.3p for the first half, and the interim dividend is increased to 0.7747p (0.7043p) net—last year's final was 1.7186p. Directors state that the final payment will take into account tax rate changes, and any alterations in control after July 31.

The group has taken possession of new premises in Congleton, and the programme of the group's works division is proceeding to plan. The new yarn processing department will start production in the Autumn, directors add.

INTERIM LIKELY FROM WOLF

With present dividend restraint due for termination at the end of July the directors of Wolf Electric Tools (Holdings) are considering the introduction of interim dividend payments.

Any recommendation to this effect will be notified to the Stock Exchange and will subsequently be confirmed in the interim report which will be issued to holders following the Board meeting to be held towards the end of August.

For the last full year a single payment of 1.9p (1.7p) was made and there was a one-for-two scrip issue.

Carclo in strong position

The financial position at Carclo Engineering remains very strong and at the year end borrowings net of cash were 5.2 per cent of shareholders' funds compared with 6.4 per cent a year earlier. At March 31 bank borrowings stood at £733,000 against £616,000 while cash totalled £539,000 compared with £403,000.

The engineering division, however, had a difficult year with profits showing a fall from £571,000 to £506,000. The shortfall is largely accounted for by the general downturn in heavy engineering which affected the business of Frank Wigglesworth, the power transmission offshoot.

Meeting, Leeds, August 17 at 3 pm.

As regards current year prospects Sir Robin Brook, chairman, reports that the order book is higher than a year ago and the group is ready to take advantage of any upturn in world trade.

In the year ended March 31, 1978, group pre-tax profit was marginally ahead at £977,000 on a turnover 15 per cent ahead at £9m.

The chairman says that the card clothing division had a very satisfactory year with profits increasing by over 25 per cent. This upturn stems from record results at Card Clothing and Belting where both the card clothing business and the wire business contributed to the increase.

REPORTS TO MEETINGS

Boots world sales up 20% in first quarter

Addressing shareholders at the annual meeting of Boots, the chairman, Dr. G. I. Hobday, said that by the halfway stage he hoped the group's cautious optimism would be seen to be justified and the increased dividend intentions seen to be fulfilled.

Dr. Hobday said world sales for the first quarter had shown an increase of 20 per cent—more than half of which had been real growth.

Retail sales in both Boots The Chemist and Timothy Whites had been buoyant over the first quarter and were above budget. Sales of Boots, including dispensing, were over 19 per cent higher with real volume growth of the order of 10 per cent. Timothy Whites sales were "well above budget" with an increase of just over 28 per cent.

"We are hopeful we can maintain the high level in real volume sales growth," he said. "Our expectation is that our good progress will continue."

Over the first quarter pharmaceutical sales were up by 22 per cent and the overseas retail companies were showing turnover marginally above budget.

The following are extracts from chairmen's reports to other annual meetings held yesterday.

Metal Box—Sir Alex Page stated that combined volume of sales of food and beverage cans in the first quarter were about the same as the corresponding quarter last year, and in other forms of packaging were up on last year.

There had been a significant improvement in industrial relations problems which so disrupted the two-piece can manufacture last year.

So far as packaging business was concerned, therefore, in this country, the start of the year was satisfactory and going according to plan.

Much the same could be said about the results of overseas packaging subsidiaries, though as always, these had varied from territory to territory.

In South Africa, the shortage of fish for canning continued to affect adversely the profit of the subsidiary and the Government of South Africa had now banned all pilchard fishing for a year.

Otherwise, results had been better than last year. In particular, India and Italy, remained profit making.

The central heating business, Ideal Stelrad, continued to prosper at home: but overseas (which in the context of this business mostly meant Europe) demand, both for boilers and radiators, remained slack.

Harrisons and Crosfield—The company had been strengthened by its acquisitions of plantation companies over the last year, but was now seeking opportunities to rectify the consequent "temporary imbalance" of its interests, said Mr. Tom Prentice.

The company intended to strengthen its operations in chemicals, timber and trading, and maintain its policy of geographical diversification.

Answering a shareholder's question, Mr. Prentice said that Kien Haut Realty, a Malaysian company, now owned just over 11 per cent of Harrisons and Crosfield. He declined to comment on this stake.

Mr. Prentice said there was no reason to alter the indications of the group's progress given in the document relating to the merger with Harrisons Malaysian Estates.

Sir Finlay Gilchrist was elected life president of the group.

Century Oils Group—Mr. C. H. Mitchell said that profitability for the first two months of the current year was, as anticipated, better than last year's. Figures for the full year should show a satisfactory improvement.

Because of a change in the timing of probable price increases compared with last year, and to holiday periods and the group's order pattern, the second half year was expected to provide the greater contribution.

Readicut International—Profits were well up to expectation for the first quarter of the year, reported Mr. P. J. Croset. Order books in all divisions were higher than in the corresponding period of last year.

Pauls and Whites—Mr. M. G. Falcon said that the company has made a satisfactory start and was up to budget.

The Board could endorse the confidence expressed in the review regarding the maintenance of the trend of increased profitability, and was generally optimistic. However, as both the quality and quantity of the cereal harvest influence animal feed and malting operations, he must sound a note of caution until later in the year.

Burnett and Hallamshire Holdings—Should dividend restraint be relaxed the directors intended to declare a third interim which would give a total for the year more closely allied to the industry sector and in sympathy with the company's financial policy. It would be declared in August for payment in December.

Mr. Nigel Swiffen said it was reassuring to have a stable base upon which to forecast continued growth, although profits might be harder to earn because little assistance was expected from national economic recovery.

MERCURY SECS. DIVIDEND UP

Following the reduction in the ACT rate, Mercury Securities proposes to increase the final dividend to 3.7848p compared with the 3.7283p previously recommended.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
157.0	Alliance Trust	Ordinary 25p	30/6/78	7.1	292.7	301.1	41.3
88.3	Anglo-American Securities Corpn.	Ordinary 25p	30/6/78	3.0	131.6	137.4	20.6
132.4	British Investment Trust	Ordinary 25p	30/6/78	4.85	199.6	203.1	29.9
28.2	Capital & National Trust	Ord. & "B" Ord. 25p	30/6/78	*4.0	175.6	178.4	23.5
10.4	Claverhouse Investment Trust	Ordinary 50p	30/6/78	3.8	104.2	104.2	0.3
†	Crossfriars Trust	Ordinary 25p	30/6/78	†	†	†	†
16.3	Dundee & London Investment Trust	Ordinary 25p	30/6/78	2.3	87.3	88.9	7.8
‡101.4	Edinburgh Investment Trust	£1 Deferred	30/6/78	6.75	281.5	296.9	27.5
45.8	First Scottish American Trust	Ordinary 25p	30/6/78	2.85	126.4	128.4	20.5
12.0	Grange Trust	Ord. Stock 25p	30/6/78	2.1	103.3	107.5	7.7
70.5	Great Northern Investment Trust	Ordinary 25p	30/6/78	3.87	137.5	140.1	11.9
63.7	Guardian Investment Trust	Ordinary 25p	30/6/78	2.0	107.4	112.0	10.1
84.7	Investors Capital Trust	Ordinary 25p	30/6/78	1.75	106.3	112.0	19.1
24.8	Jardine Japan Investment Trust	Ordinary 25p	30/6/78	0.85	216.2	216.2	66.1
36.9	London & Holyrood Trust	Ordinary 25p	30/6/78	3.6	159.8	163.4	23.0
26.1	London & Montrose Invest. Trust	Ordinary 25p	30/6/78	5.25	262.9	266.9	39.5
40.2	London & Provincial Trust	Ordinary 25p	30/6/78	3.4	152.9	155.4	23.1
‡107.5	Mercantile Investment Trust	Ordinary 25p	30/6/78	1.25	x54.2	56.7	4.0
	Do. Do.	Conv. Debs. 1983	30/6/78	£4.50	£82.60	£88.00	£6.00
27.3	North Atlantic Securities Corpn.	Ordinary 25p	30/6/78	2.7	123.8	126.3	17.7
54.3	Northern American Trust	Ordinary 25p	30/6/78	2.85	134.9	138.3	22.8
7.2	Save & Prosper Linked Invest. Trust	Capital Shares	30/6/78	—	151.5	151.5	—
129.0	Scottish Investment Trust	Ord. Stock 25p	30/6/78	2.36	134.6	138.5	19.2
37.3	Scottish Northern Investment Trust	Ordinary 25p	30/6/78	3.36	133.3	141.5	14.0
‡113.3	Scottish United Investors	Ordinary 25p	30/6/78	1.6	103.2	105.2	20.3
51.7	Second Alliance Trust	Ordinary 25p	30/6/78	5.65	249.7	258.0	35.8
3.9	Shires Investment Co.	Ordinary 50p	30/6/78	8.464	154.2	154.2	—
42.8	Sterling Trust	Ordinary 25p	30/6/78	5.3	236.9	243.5	35.7
27.9	Technology Investment Trust	Ordinary 25p	30/6/78	2.6	130.1	140.3	19.9
†	United British Securities Trust	Ordinary 25p	30/6/78	†	†	†	†
21.9	United States & General	Ordinary 25p	30/6/78	5.94	259.5	266.1	35.8
88.9	United States Debenture Corporation	Ord. Stock 25p	30/6/78	3.52	122.0	126.3	17.4
	Do. Do.	Conv. Loan 1993	30/6/78	£5.00	£134.20	£138.90	£19.10
	Baillie Gifford & Co.						
124.3	Scottish Mortgage & Trust	Ordinary 25p	30/6/78	3.3	152.2	154.6	20.3
81.2	Monks Investment Trust	Ordinary 25p	30/6/78	1.6	68.6	69.4	8.4
16.4	Winterbottom Trust	Ordinary 25p	30/6/78	4.6	270.2	283.0	40.6
	Baring Bros. & Co. Ltd.						
41.3	Outwich Investment Trust	Ordinary 25p	7/7/78	1.525	69.7	73.5	6.8
25.7	Tribune Investment Trust	Ordinary 25p	30/6/78	ac1.4	ac96.9	ac97.1	ac18.2
	East of Scotland Invest. Managers						
44.7	Aberdeen Trust	Ord. Stock 25p	30/6/78	5.05	182.9	192.5	20.4
	Edinburgh Fund Managers Ltd.						
62.2	American Trust	Ord. & "B" Ord. 25p	30/6/78	*1.35	59.9	62.0	6.6
21.4	Crescent Japan Investment Trust	Ordinary 50p	30/6/78	—	243.6	243.6	55.0
	Electra House Group						
70.8	Electra Investment Trust	Ordinary 25p	30/6/78	5.0	144.7	144.7	10.5
265.2	Globe Investment Trust	Ordinary 25p	30/6/78	5.0	159.3	159.6	13.3
	Do. Do.	Conv. Loan 1987/91	30/6/78	£5.50	£130.80	£131.00	£10.90
	Do. Do.	Conv. Loan 1985/90	30/6/78	£6.25	£183.20	£183.50	£15.30
35.0	Temple Bar Investment Trust	Ordinary 25p	30/6/78	4.75	118.1	120.5	3.4
	Do. Do.	Conv. Loan 1985/90	30/6/78	£3.75	£134.70	£137.30	£3.90
	Do. Do.	Conv. Loan 1987/91	30/6/78	£6.00	£101.60	£103.60	£2.90
	F. & C. Group						
‡20.3	Alliance Investment	Ordinary 25p	30/6/78	3.0	147.3	152.0	19.6
23.1	Cardinal Investment Trust	Deferred 25p	30/6/78	3.9	156.9	162.2	18.2
	Do. Do.	Conv. Loan 1985/87	30/6/78	£6.00	£127.10	£131.40	£14.80
†	F. & C. Eurotrust	Ordinary 25p	30/6/78	†	†	†	†
133.7	Foreign & Colonial Invest. Trust	Ordinary 25p	30/6/78	3.77	234.2	242.9	40.2
31.1	General Investors & Trustees	Ordinary 25p	30/6/78	4.0	148.3	152.9	15.5
	James Finlay Investment Mgmt. Ltd.						
†	Provincial Cities Trust	Ordinary 25p	30/6/78	†	†	†	†
	Gartmore Investment Ltd.						
6.9	Allifund	Income 50p	30/6/78	8.3	101.8	101.8	7.4
	Do. Do.	Capital 50p	30/6/78	0.415	277.1	277.1	7.4
23.5	Anglo-Scottish Investment Trust	Ordinary 25p	30/6/78	1.6875	61.2	63.4	6.3
26.0	English & Scottish Investors	Ord. & "B" Ord. 25p	30/6/78	*2.45	98.5	104.0	7.8
†	Group Investors	Ordinary 25p	30/6/78	1.7	†	†	†
†	London & Gartmore Invest. Trust	Ordinary 50p	30/6/78	0.5	†	†	†
11.8	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	30/6/78	*2.5	106.9	110.6	15.6
23.9	London & Lomond Invest. Trust	Ordinary 25p	30/6/78	2.4	106.1	108.5	10.8
10.8	London & Strathclyde Trust	Ordinary 25p	30/6/78	1.375	56.2	59.9	7.2
11.7	Meldrum Investment Trust	Ordinary 25p	30/6/78	1.85	58.0	58.0	0.4
6.4	New York & Gartmore Investment	Ordinary 25p	30/6/78	0.4	89.1	89.1	5.2
	Gartmore Investment (Scotland) Ltd.						
76.1	Scottish National Trust	Ordinary 25p	30/6/78	3.45	204.8	208.4	31.7
18.5	Glasgow Stockholders Trust	Ordinary 25p	30/6/78	2.4	141.9	145.9	22.7
	John Govett & Co. Ltd.						
86.8	Border & Southern Stockholders	Ordinary 10p	30/6/78	1.5	83.6	85.0	11.0
37.2	Debenture Corporation	Ordinary 25p	30/6/78	2.4	87.3	89.2	7.1
12.7	General Stockholders Invest. Trust	Ordinary 12½p	30/6/78	1.7	154.7	165.8	28.4
20.5	Govett European Trust	Ordinary 25p	30/6/78	1.8	87.4	87.4	13.5
63.2	Lake View Investment Trust	Ordinary 25p	30/6/78	2.4	130.1	134.1	17.2
	Do. Do.	Conv. Loan 1973/98	30/6/78	£4.00	£173.50	£178.70	£22.90
65.2	Stockholders Investment Trust	Ordinary 25p	30/6/78	2.35	135.1	139.9	20.0
	G.T. Management Ltd.						
18.9	Berry Trust	Ordinary 25p	30/6/78	0.875	89.4	89.4	8.1
	Do. Do.	Conv. Loan 1993	30/6/78	£4.25	£129.70	£129.70	£11.80
20.0	G.T. Japan Investment Trust	Ordinary 25p	30/6/78	1.0	214.0	214.0	74.1
	Do. Do.	Conv. Loan 1987	30/6/78	£8.50	£132.70	£132.70	£46.00
27.5	Northern Securities Trust	Ordinary 25p	30/6/78	3.0	165.5	171.2	22.7
	Hambros Group						
27.2	Bishopsgate Trust	Ordinary 25p	30/6/78	6.25	254.4	264.1	21.5
4.0	City of Oxford Investment Trust	Ordinary 25p	30/6/78	3.3	86.5	89.8	—
49.1	Hambros Investment Trust	Ordinary 25p	30/6/78	3.75	134.4	145.1	14.8
7.0	Rosedimond Investment Trust	Capital 25p	30/6/78	—	119.0	119.0	3.8
	Henderson Administration Ltd.						
‡157.8	Witan Investment	Ord. & "B" Ord. 25p	30/6/78	*2.3	127.1	131.8	19.7
‡21.5	Electric & General Investment	Ordinary 25p	30/6/78	1.55	104.7	105.8	16.9
7.0	Greenfriar Investment	Ordinary 25p	30/6/78	1.45	129.2	129.2	17.9
	Henderson Administrat'n Ltd. (Cont.)						
‡6.8	Lowland Investment	Ordinary 25p	30/6/78	2.2	67.4	67.4	3.1
‡2.2	English National Investment	Prefd. Ord. 25p	30/6/78	1.83	33.8	34.8	—
	Do. Do.	Defd. Ord. 25p	30/6/78	2.42	60.2	64.3	—
	Philip Hill (Management) Ltd.						
20.2	City & International Trust	Ordinary 25p	30/6/78	4.07	128.0	132.9	10.9
11.3	General & Commercial Inv. Trust	Ordinary 25p	30/6/78	5.82	176.5	185.9	12.8
23.1	General Cons. Investment Trust	Ordinary 25p	30/6/78	3.75	108.0	110.8	7.7
‡128.3	Philip Hill Investment Trust	Ordinary 25p	30/6/78	7.9	230.6	234.5	9.1
5.2	Moorgate Investment Co.	Ordinary 25p	30/6/78	3.82	101.8	104.3	1.0
38.5	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	30/6/78	8.75	268.2	277.2	31.1
	Industrial & Comml. Finance Cpn.						
10.3	London Atlantic Investment Trust	Ordinary 25p	30/6/78	3.0	84.8	86.2	4.6
8.0	North British Canadian Investment	Ordinary 25p	30/6/78	2.7	81.3	81.3	1.0
	Ivory & Sime Ltd.						
†	Atlantic Assets Trust	Ordinary 25p	30/6/78	†	†	†	†
113.9	British Assets Trust	Ordinary 25p	30/6/78	2.2	96.8	102.6	17.6
†	Edinburgh American Assets Trust	Ordinary 25p	30/6/78	†	†	†	†
14.8	Viking Resources Trust	Ordinary 25p	30/6/78	1.1	128.0	128.0	17.9
	Keyser Ullmann Ltd.						
11.2	Throgmorton Secured Growth Tst.	£1 Capital Loan Stock	30/6/78	—	—	160.2	—
42.3	Throgmorton Trust	Ordinary 25p	30/6/78	4.375	90.9	92.7	—
	Kleinwort Benson Ltd.						
†	British American & General Trust	Ordinary 25p	30/6/78	†	†	†	†
22.3	Brunner Investment Trust	Ordinary 25p	30/6/78	3.8	133.2	136.0	11.7
32.8	Charter Trust & Agency	Ordinary 25p	30/6/78	2.2	73.6	77.5	8.0
†	English & New York Trust	Ordinary 25p	30/6/78	†	†	†	†
4.3	Family Investment Trust	Ordinary 25p	30/6/78	3.85	97.2	97.2	0.2
3.0	Jos Holdings	Ordinary 25p	30/6/78	2.04	61.0	61.0	2.6
6.4	London Prudential Invest. Trust	Ordinary 25p	30/6/78	2.85	101.9	104.6	9.0
51.7	Merchants Trust	Ordinary 25p	30/6/78	2.6	96.0	99.4	12.9
	Lazard Bros. & Co. Ltd.						
‡53.2	Raeburn Investment Trust	Ordinary 25p	30/6/78	3.7	170.9	177.1	24.3
‡42.2	Romney Trust	Ordinary 25p	30/6/78	2.65	123.5	125.9	17.5
	Martin Currie & Co. C.A.						
11.6	Canadian & Foreign Invest. Trust	Ordinary 25p	30/6/78	3.6	156.2	159.8	21.0
†	St. Andrew Trust	Ordinary 25p	30/6/78	4.15	†	†	†
101.9	Scottish Eastern Investment Trust	Ordinary 25p	30/6/78	4.5	178.4	184.4	30.0
26.5	Scottish Ontario Investment Co.	Ordinary 25p	30/6/78	4.1	183.0	185.7	31.1
57.2	Securities Trust of Scotland	Ordinary 25p	30/6/78	6.1	242.1	261.9	39.2
	Murray Johnstone Ltd.						
48.7	Caledonian Trust	Ord. & "B" Ord. 25p	30/6/78	*1.6	110.4	113.9	22.0
73.7	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	30/6/78	*1.675	106.3	109.0	21.4
17.9	Glendevon Investment Trust	Ord. & "B" Ord. 25p	30/6/78	*1.65	138.4	141.7	30.0
7.2	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	30/6/78	*1.7	105.9	103.9	19.8
16.6	Scottish & Continental Investment	Ordinary 25p	30/6/78	1.2	86.2	86.2	17.4
82.0	Scottish Western Investment	Ord. & "B" Ord. 25p	30/6/78	*2.2	131.8	137.0	25.9
26.6	Second Great Northern Invest. Tst.	Ord. & "B" Ord. 25p	30/6/78	*2.0	120.4	123.9	24.5
	Schroder Wagg Group						
22.2	Ashdown Investment Trust	Ordinary 25p	30/6/78	4.05	190.4	196.6	26.2
	Do. Do.	Conv. Loan 1988/93	30/6/78	£4.75	£133.20	£137.00	£18.40
7.6	Australian & International Trust	Ordinary 50p	30/6/78	2.7	126.3	128.3	25.5
31.2	Broadstone Investment Trust	Ordinary 20p	30/6/78	5.15	206.0	215.3	28.5
	Do. Do.	Conv. Loan 1988/93	30/6/78	£4.50	£137.30	£143.50	£19.00
‡47.8	Continental & Industrial Trust	Ordinary 25p	30/6/78	6.4	252.9	263.4	19.5
31.5	Trans-Oceanic Trust	Ordinary 25p	30/6/78	5.0	242.0	248.3	33.9
	Do. Do.	Conv. Loan 1988/93	30/6/78	£4.50	£151.30	£155.30	£22.40
14.0	Westpool Investment Trust	Ordinary 25p	30/6/78	3.3	145.6	149.0	20.7
	Do. Do.	Conv. Loan 1989/94	30/6/78	£5.00	£131.10	£134.10	£18.60
	Stewart Fund Managers Ltd.						
79.7	Scottish American Investment Co.	Ordinary 30p	30/6/78	2.8	112.1	113.3	10.0
12.9	Scottish European Investment Co.	Ordinary 25p	30/6/78	1.5	55.1	55.1	5.4
	Touche Remnant & Co.						
106.8	Atlas Electric & General Trust	Ordinary 25p	30/6/78	1.9	83.2	86.1	6.4
31.7	Bankers' Investment Trust	Ordinary 25p	30/6/78	2.55	74.0	79.6	6.5
32.1	Cedar Investment Trust	Ordinary 25p	30/6/78	2.5	89.8	92.4	8.3
40.1	City of London Brewery	Deferred 25p	30/6/78	2.4	76.4	80.7	1.5
30.7	Continental Union Trust	Ordinary 25p	30/6/78	3.5	160.5	166.1	18.3
15.7	C.L.R.P. Investment Trust	Ordinary 25p	30/6/78	1.9	92.3	96.6	8.5
180.2	Industrial & General Trust	Ordinary 25p	30/6/78	1.75	72.6	74.9	7.1
40.8	International Investment Trust	Ordinary 25p	30/6/78	2.62	102.0	107.3	8.4
53.7	Sphere Investment Trust	Ordinary 25p	30/6/78	3.3	157.0	161.7	16.5
64.5	Trustees Corporation	Ordinary 25p	30/6/78	4.0	191.5	197.2	13.5
35.8	Trust Union	Ordinary 25p	30/6/78	3.4	142.7	147.0	10.4
	Williams & Glyn's Bank Ltd.						
‡14.0	Sizewell European Invest. Trust	Ordinary 10p	30/6/78	1.5	103.4	103.4	10.0
3.0	Atlanta Baltimore & Chicago	Ordinary 10p	30/6/78	0.5	68.0	68.0	6.7
‡3.7	West Coast & Texas Regional	Ordinary 10p	30/6/78	0.75	86.5	86.5	11.0
	VALUATION THREE-MONTHLY						
12.7	General Scottish Trust	Ordinary 25p	30/6/78	3.35	114.3	116.5	11.7
	Do. Do.	Conv. Loan 1995/2000	30/6/78	£5.50	£145.20	£148.00	£14.90
2.1	Lancashire & London Invest. Trust	Ordinary 25p	30/6/78	1.8	52.3	[illegible]	1.7
11.2	Safeguard Industrial Investments	Ordinary 25p	30/6/78	3.6	95.4	97.0	—
7.6	Scottish Cities Investment Trust	Ord & "A" Ord. 25p	30/6/78	8.0	229.0	230.9	5.4
8.5	Wemyss Investment Co.	Ordinary £1	30/6/78	10.75	382.5	382.5	54.4
16.2	Yeoman Investment Trust	Ordinary 25p	30/6/78	7.59	231.7	237.2	14.2
	Do. Do.	Conv. Loan 1993	30/6/78	£4.50	£127.40	£130.50	£7.80
6.8	Young Companies Investment Trust	Ordinary £1	30/6/78	3.65	104.9	104.9	—
	East of Scotland Investment Mngrs.						
12.1	Dominion & General Trust	Ordinary 25p	31/5/78	7.75	263.0	272.7	30.7
30.5	Pentland Investment Trust	Ordinary 25p	31/5/78	4.05	162.5	167.0	21.3
	Rivermoor Management Services Ltd.						
75.6	London Trust Co.	Deferred 25p	30/6/78	ac4.125	ac126.6	ac130.1	ac6.8
	Do. Do.	Conv. Loan 1985/87	30/6/78	ac£6.00	ac£148.10	ac£152.20	ac£8.00
	AMENDMENTS to table published 16th June 1978: Valuation Monthly.						
38.6	Temple Bar Investment Trust	Ordinary 25p	31/5/78	4.75	120.8	123.0	3.6
	Do. Do.	Conv. Loan 1985/90	31/5/78	£5.75	£137.60	£140.20	£4.20
	Do. Do.	Conv. Loan 1987/91	31/5/78	£6.00	£103.80	£105.80	£3.10
75.0	Electra Investment Trust	Ordinary 25p	31/5/78	5.0	145.2	145.2	9.7

* Applies to Ordinary/"A" Ordinary only. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. † Company will announce year-end or interim results shortly. a See note (h) below. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions. ‡ Change in the prior charges since the previous published figure.

Notes:—

) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation: both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

) Cols. 1, 6, 7 All revenue account items are excluded.

) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

) Cols. 6-7 Prior charges are deemed to include preference share capital.

) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

BIDS AND DEALS

R. Dutch/Shell expanding animal feedstuffs side

BY KEVIN DONE, CHEMICALS CORRESPONDENT

The Royal Dutch/Shell group is to expand its agricultural interests with the acquisition of a second animal feedstuffs business.

Shell is already involved in several branches of agriculture, including pesticides, seeds and fertilisers. Its latest acquisition will almost double its present stake in the animal feeds sector.

It is acquiring the non-U.S. interests of Dawes Laboratories, a private U.S. company. The Dawes subsidiaries are based in Canada, Mexico, Costa Rica, Argentina, Belgium, Italy, Spain and Japan.

Shell first entered the feed additives sector in 1974 with the acquisition of the UK-based Colborn group, which currently operates in the UK, Ireland, Australia, West Germany and Brazil.

Colborn's sales have been expanding steadily, but the acquisition of the Dawes' interests should almost double the present turnover, which is understood to be some £20m. The Colborn group was acquired in 1974 for £5m, but no purchase price has been disclosed for the takeover of the Dawes businesses.

Several oil companies have been expanding their interests in agriculture, other than in pesticides. BP Nutrition, for example, now holds a major share of the European specialised animal feedstuffs market with a turnover last year of some £130m.

The existing Colborn interests are concentrated in vitamin/mineral feed additives for pigs, poultry and to a lesser extent, cattle.

Shell originally entered the animal feed business partly with the intention of assisting its research programme for finding ways of producing industrial protein from petroleum sources, particularly methane, natural gas. But this programme has since been suspended.

Shell is the world's third largest producer of pesticides after Bayer and Ciba Geigy. Last year it had a turnover worldwide in agricultural and related chemicals of some £434m.

Newman's offer to Wood

Newman Industries has offered to buy up to 500,000 shares (12½ per cent of the capital) of Wood and Sons (Holdings) at 55p on a "first come first served basis." Newman has bought or received bid acceptances for 34.7 per cent of Wood's ordinary shares and bought another 13,000 shares or so (0.3 per cent) in the market yesterday.

Newman's offer is effectively a limited extension of the cash offer it made originally, which closed on July 19. The 12½ per cent of Wood's equity which Newman is willing to buy in the market would take it above 50 per cent. Newman has only committed itself to buy shares at 55p until 3.30 pm on July 28, the current closing date for the share offer.

As for the preference shares, Newman has received acceptances representing 20.6 per cent of that class.

ENGLISH PROPERTY

Rumours and counter-rumours continue to circulate over the state of play on the bid for English Property Corporation. The share price has sagged in recent days with the market afraid that insoluble problems have been met, but the company itself gives the firm impression that talks are still progressing.

Confirmation also comes from the news that representatives of a Dutch party (not, however, confirmed to be Wereldhave) have been inspecting Trizec properties in Canada and the U.S. In fact, Trizec's share price has moved up in Canada from around $12 to a peak of $16 in the last few days, though it has since dropped back. The controlling shareholder, Carena Bank Corporation (the Bronfman family) bought at $10.

W. CANNING SPENDS £1.5M TO ENTER METAL RECOVERY

W. Canning has agreed to purchase the plant, machinery, stock, and other assets from the receiver of John Betts and Sons for approximately £1.56m.

The bulk of the purchase price will qualify for tax allowances. The assets bought will be used by Canning to facilitate its entry into the metal recovery industry, an area complementary to the group's existing principal activities of metal finishing.

C.H. INDUSTRIALS ACQUISITION

Coventry based C.H. Industrials—the automotive, building and decorative products group—has paid £120,000 for a 21 per cent stake in Medfurn, the interior furnishings company which trades largely in the Middle East.

C.H. has an option to acquire a further 4.1 per cent in Medfurn, which last year earned pre-tax profits of £140,000 on a turnover of £2.5m. The group acquired its holding through the issue of new shares.

Mr. Tim Hearley, chairman of C.H., said that Medfurn's current expansion plans could benefit the foam and decorative finish businesses of C.H.

Booker buys again in U.S.

For the second time in three months Booker McConnell has moved to extend its business interests into the U.S. Yesterday the group announced that it has spent $10m (£5.3m) to acquire a 70 per cent stake in American Dietaids, the health foods concern.

In April, Booker announced a $5m (£2.6m) deal to acquire a third of Goodman Equipment, the U.S. mining engineers. Until these two purchases Booker had no U.S. interests in either its food or engineering business — which generate around two-thirds of group profits.

Booker has been searching for some time for the right partner to enable it to enter the $800m (sales) U.S. health foods industry. While Dietaids manufactures its dietary supplement and vitamin products in Puerto Rico—for tax reasons—it retails extensively in the U.S.

Dietaids has been granted tax exception by the Puerto Rican Government and pays only a small amount of tax on its retail sales in the U.S. Last year group after tax profits amounted to $1.8m of which Booker's share would have been $1.25m. Net assets attributable to Booker amount to approximately $3.5m.

Booker's UK health food business, which owns 130 retail outlets trading under the banner of Holland and Barrett generates annual sales of around £20m—out of total group food related sales of £347.6m.

The group says that its Health Foods subsidiary is a fully integrated business involving manufacture, retailing, and wholesaling. It has been marketing Dietaids' products under licence in the UK for some time.

A spokesman for Booker said that the tax exemption granted Dietaids by the Puerto Rican government was guaranteed to run for another seven years.

Dietaids was privately owned by Mr. Milton Okin and family. Booker is financing the deal partly by a medium term dollar loan and partly from funds arising from the group's disinvestment in Guyana.

LONGAI VALLEY

Walter Duncan and Goodricke's unconditional offers for the shares in Longai Valley Tea not already owned have now closed.

Including shares comprised in acceptances of the offers, Walter Duncan now owns 68,915 (78.31 per cent) ordinary shares, 27,418 (94.54 per cent) "A" preference and 10,490 (95.36 per cent) "B" preference.

Prior to the offers, Walter Duncan and persons acting in concert owned 44,811 (50.92 per cent) ordinary, 16,979 (58.55 per cent) "A" preference and 5,905 (53.68 per cent) "B."

Walter Duncan will in due course compulsorily acquire the outstanding preference shares.

Weston-Evans big dividend increase

The Board of Weston-Evans, which is opposing the bid from Birmingham and Midlands Counties Trust, stepped up its defence yesterday with a massive increase in the dividend. And backdated it to the year ending last March.

Total dividends for the year already announced, amounting to 3.08p net, will now be supplemented by a special interim dividend of 3.93842p. This brings the yield on the shares up to 8.3 per cent, though it reduces the historic earnings cover to just over 2.

This does not apparently worry the directors who imply in their letter that the trading potential, strength and liquidity of the balance sheet more than allow them to make such a payment.

The complain that not only does Birmingham's offer not reflect these facts but that it has been made despite assurances given at the time the two Birmingham directors were appointed to the W-E Board, that "their holding was for investment purposes only."

Tomorrow shareholders will receive the report and accounts for the year to March and more detailed rejections of the offer will follow later.

APPROACH TO ROBT. McBRIDE

Shares of Robert McBride (Middleton), the Manchester-based manufacturer of domestic bleaches, detergents and toiletries, climbed 83p to 200p yesterday on news that a bid for the company may be on its way.

Last night's price valued the company at £12m. The McBride Board which was locked in a meeting yesterday afternoon had announced earlier that it had received an approach which might lead to a bid.

There was also an announcement of Boardroom movements with director Mr. J. W. Widdup and Mr. K. B. Winpenny being appointed deputy managing directors.

ROTORK

Rotork has issued 10,000 ordinary shares to complete the deferred purchase consideration for the acquisition of Electrolocation.

CORN EXCHANGE

London Trust has acquired 120,000 Corn Exchange ordinary shares and now holds 158,200, representing 5.69 per cent of the capital.

SHARE STAKES

CGSB Holdings: Barins Nominees (Jove Investment Tst) holds 295,000 shares.

Aquascutum and Associated Companies: A trust of which Mr. I. Kerman, a director, is a trustee, has disposed of 57,950 "A" ordinary shares.

Drake and Scull Holdings: Mr. M. Abbott, chairman, has purchased from Mr. R. Potel a further 250,000 ordinary shares at 32½p per share. As a result Mr. Abbott now holds 542,250 ordinary shares (3.9 per cent), while Mr. Potel's beneficial stake has been reduced to 615,800 (4.4 per cent).

W. Tyzack Sons and Turner—Central Manufacturing and Trading Group has purchased a further 10,000 ordinary shares.

Unicorn Industries: B. G. Ball-Greene, a director, has sold 25,546 shares.

Babcock and Wilcox—Regarding 6 per cent cumulative preference stock, Atlas Assurance Company holds £5,500 (5.5 per cent), John James Group of Companies holds £13,500 (13.5 per cent) and London and Manchester Assurance Company holds £20,000 (20 per cent). Regarding 5 per cent cumulative second preference stock, Legal and General Assurance Society holds £26,625 (14.5 per cent), London and Manchester Assurance Company holds £60,500 (33 per cent) and Sun Life Assurance Society holds £10,000 (5.4 per cent).

A. Arenson (Holdings)—Company has been informed by the A. Arenson Charitable Trust (joint trustees—Mr. J. H. Sacks and Mrs. V. Aresonson) that it has sold 10,000 ordinary shares.

Flexello Castors and Wheels—Mr. M. Menko, a director, has sold 30,000 ordinary shares.

Alexander Howden Group—Mr. B. J. Daenzer, a director, has purchased 37,125 ordinary shares and Mr. W. N. Irby, a director, has purchased 3,592 ordinary shares.

Davy International — Mr. S. Burns a director, has sold 10,144 shares.

Francis Inds.—West City Securities has sold 20,000 ordinary shares reducing its holding to 730,418 shares (10.06 per cent).

Danish Bacon Company—Equitable Life Assurance Society has acquired a further 22,000 "A" ordinary shares, making a total holding of 222,000 "A" shares (12.9 per cent).

Carclo Engineering Group—Cornhill Insurance Company now holds 215,000 (5.38 per cent) ordinary shares.

S. and W. Berisford—Mr. E. S. Margulies, a director, has sold 10,000 ordinary shares.

Avenue Close—Mr. R. Wilks, has sold 20,000 ordinary shares.

Lilleshall Company—Doloswella Holdings has disposed of its holding of 150,500 ordinary shares. Nominal Ltd. of St. Helier, Jersey, has acquired 150,500 ordinary shares (6.84 per cent).

British Electric Traction Company—Mr. G. R. A. Metcalfe, a director of Advance Laundries, has disposed of 21,300 deferred ordinary shares in BET, the ultimate holding company of Advance.

Lookers—Mrs. G. Platts, wife of a director, has sold 20,000 ordinary shares. Total shareholdings of Mr. R. J. Platts, his wife and family interests now represent 9.97 per cent of the capital.

King and Shaxson: Sir Eric Penn, director, has sold 35,000 shares leaving balance at 86,364 shares.

Econa: Temple Bar Investment Trust sold its total holding of 250,000 shares on July 6. Courtaulds C.I.F. Nominees hold 280,000 shares 6.73 per cent.

Rembia Rubber Co.: Kuala Lumpur Kepong Investments has reduced its holding to 208,000 shares.

Sogomana Group—Longbourne Holdings acquired a further 80,000 shares making total 240,000 (7.7 per cent).

John Lewis and Company—Eagle Star Insurance Company purchased £35,000 of 5 per cent first cumulative preference stock bringing total interest in that class to £150,000 (10 per cent).

Sime Darby Holdings—Mr. Wee Cho Yaw, a director, now holds 2.39m shares.

SGB Group—A. Walker, a director, was sold 53,920 ordinary shares.

Rio Tinto-Zinc Corporation—Phoenix Assurance Company purchased 80,000 3.5 per cent "B" preference shares, making total 492,500 (13.67 per cent).

Wood and Sons (Holdings)—Newman Industries now interested in 352,500 (13.812 per cent) ordinary shares.

Isle of Man Enterprises—Nicholson Investments acquired parcels of stock totalling 1,644 20p units in the last four months. The unit holding of Nicholson is now 866,712 at July 18, 1978 (72.22 per cent) and total holding of all directors and their interests 884,788 (73.73 per cent).

Davies and Metcalfe—M. M. Badr has reduced his holding of ordinary shares from 14.1 per cent to 11.48 per cent, a reduction of 80,000 shares. Directors of Manchester Nominees have increased their holdings of Davies and Metcalfe shares as follows: R. Metcalfe, 36,500; F. Hindle, 14,000; R. Allen, 1,000; E. Mulryan, 2,000.

General Electric Company—Lord Catto, a director, has ceased to have a beneficial interest in £26,700 nominal of the General Electric Company Ltd's floating rates unsecured capital notes 1986.

Siemssen Hunter—J. S. Chaloner holds 291,175 ordinary shares (5.12 per cent).

Brownlee and Company—International Timber acquired further 2,500 ordinary shares making total holding of 711,023 (10.03 per cent).

Sotheby Parke Bernet Group—Mr. P. M. H. Pollen, a director, has sold 50,000 ordinary shares.

Ryder Systems confident optimism

PHILADELPHIA, July 20.

RYDER SYSTEMS expects to report net for the second quarter more than 35 per cent above the $12.8m or 86 cents a share earned in the year ago second quarter, Mr. Michael E. Murphy, executive vice-president, finance said prior to a meeting with analysts. Second quarter 1977 share net was adjusted for a 3 per cent stock dividend paid last month.

Company feels "very comfortable" with its previous forecast of 1978 net income of between $46m and $48m or $3.20 to $3.30 a share on revenues of more than $1bn. In 1977, Ryder had net income of $40.7m or $2.73 a share on revenues of $914.5m. Revenues in the second quarter would surpass the $237.9m of the year ago second quarter, said Mr. Murphy.

AP-DJ

Bell's spends £20,000 on sailing barge

ARTHUR BELL and Sons, the whisky distilling group which claims over a fifth of the home market, has spent £20,000 on a sailing barge to promote the company's products in the UK.

The company has been conducting "goodwill voyages" around the coast using leased sailing barges since 1963. However Mr. R. C. Miquel, company chairman, said the group had now decided to buy its own vessel.

Bell's annual report is due to be published in six to eight weeks time and is expected to show pre-tax profits of over £11.5m for the current year as forecast in the company's half-yearly report published last December.

Bid for Ribble

THE Nature Conservancy Council wishes to buy 5,500 acres of the Ribble Estuary marshes recently purchased by Mr. H. Heerema and Mr. G. B. Crook for reclamation for agriculture.

The council has asked the new owners to open negotiations. The price of the freehold and sporting rights would be assessed by the District Valuer.

MINING NEWS

Anglo's gold producers boost profits

BY KENNETH MARSTON, MINING EDITOR

THE South African gold mining June quarterly reports are concluded with a flourish by the mines in the Anglo American Corporation group. Like the rest of the field they have benefited from a once-for-all bonus of revenue arising out of the new bullion selling arrangements. But most of them have also lifted "normal" earnings thanks to increased production.

Vaal Reefs comes out particularly well with a doubled net profit for the past quarter of R39.7m (£24.2m) thanks to increased gold production and sharply higher revenue from uranium. The latest profit includes R16.8m against R5.6m from the Vaal Reefs South lease area on which Southvaal draws a royalty of 55 per cent.

To round off the good news Vaal Reefs is paying an interim of 100 cents. This payment, which is well above expectations, compares with 55 cents a year ago and the subsequent final of 60 cents.

Western Deep's profit also makes a good showing as a result of increased gold production and higher uranium income coupled with reduced costs. The mine has declared an as-expected interim of 65 cents which, though much in line with expectations, goes against only 35 cents last time and the final of 47.5 cents. East Daggafontein, which returned to the dividend list with a payment of 20 cents in December, is paying an interim of 25 cents.

Free State Geduld, President Steyn, Western Holdings and Welkom all report increased gold production while profits of the joint Orange Free State Metallurgical scheme—basically uranium—have advanced to R7m in the past quarter from R4.2m in the previous three months.

The Ergo dump re-treatment operation, which started production on February 23, reports a first full quarterly profit of R1.19m. It treated 3.51m tons of slimes and approached the monthly target figure of 1.5m tons in the final month of the quarter. However, teething troubles resulted in a lower than projected output of saleable products during the quarter.

The latest good net profits earned by the group's mines in the past quarter are compared in the following table.

	June qtr. R000	March qtr. R000	Dec. qtr. R000
E. Daggafontein	‡178	‡140	‡403
Ergo	1186	581	—
Free State Geduld	23,404	17,738	16,729
F. State Saaiplaas	6,156	4,417	1,223
President Brand	17,185	11,032	9,531
President Steyn	12,309	7,605	10,098
SA Lands	‡613	‡343	‡1,315
Vaal Reefs	39,727	19,614	22,540
Welkom	3,972	2,479	2,668
Western Deep	20,216	14,231	15,166
Western Holdings	12,532	9,250	9,409

‡ Net surplus includes sale of equipment following cessation of mining.

Dividends

	June 1978 cents	Dec. 1977 cents	June 1977 cents	Dec. 1976 cents
E. Daggafont.	*25	20	*nil	nil
SA Lands	*nil	nil	*nil	nil
Vaal Reefs	*100	60	*55	60
W. Deep	*65	47½	*35	45

* Interim.

A new theory starts gem pegging rush

REFLECTING the enthusiasm of companies involved in the Kimberley area diamond search of Western Australia, Carr Boyd Minerals discloses in its latest quarterly report that the company has pegged 93 claims in the area.

From Perth, Don Lipscombe comments that the report is being read in the context of the recent happenings at the Conzinc Riotinto of Australia joint venture at Ashton; although the latter has been working on temporary reserves, only in the past few weeks has it become involved in a hectic pegging rush.

The small companies, together with majors such as Amax and Selection Trust, are working on the assumption that CRA has only recently learned something new and significant about the region's diamond-bearing prospects.

This, it is thought, lies behind Carr Boyd's phrasing: "Regional and detailed geological and geophysical surveys were carried out in the Lennard River-Noonkanbah areas with the object of locating diamondiferous kimberlite pipes and dykes.

"Data collected ... has led to the identification of numerous subtle photo features, mostly circular and up to approximately one kilometre in diameter. Many of these features are confidently interpreted as surface impressions on pipe-like bodies."

Whether the photo technique has, indeed, located numerous kimberlite pipes—and whether these will prove to be diamondiferous—remains to be seen. But the small exploration companies, which include the Otter-Spargo's group, Western Queen-Magnet-Lennard and North West Mining-Haoma are reported be "in there pegging with their ears back."

Inco's lower second quarter

EARNINGS OF U.S.$23m (£12.2m), or 24 cents per share, are reported by Canada's Inco for the second quarter of this year. They bring the total for the first half of 1978 to $57.9m, or 64 cents per share, compared with $78.6m in the same period of 1977. Net sales for the past quarter were $539m, making a half-year total of $1.06bn against $967m a year ago.

The better first-quarter earnings reflected nickel purchases made in anticipations of a price increase and there was also an exchange gain of $10.9m resulting from the fall in the value of the Canadian dollar.

In the past quarter, however, there was a currency loss of $4.2m while lower nickel and copper prices persisted. Inco's nickel deliveries in the first six months of this year amounted to 195m lb compared with 161m lb in the first half of 1977.

It is stated that demand for nickel in the non-Communist world gradually increased in the past half-year while average nickel price realisations though lower than in the same period of 1977 were stable. However, competitive prices for class 2 products were reduced substantially in the past month and Inco expects this to adversely affect its profit margins for the rest of the year.

Nickel production during the past six months was 17 per cent down on that of a year ago and the stocks of finished nickel at June 30 amounted to 331m lb, a reduction of 10m lb on the total at March 31 last. Further reductions in the stocks are expected in the current half-year. Inco is declaring another quarterly dividend of 20 cents.

ROUND-UP

Several thousand pounds of manganese ore nodules recovered from the floor of the Pacific Ocean at a depth of 18,000 feet by Ocean Minerals are to be sampled for purity and metal recovery processes. In November, tests will begin with a bottom miner which will be lowered from the Glomar Explorer mining vessel. Ocean Minerals is a consortium of Billiton, BKW Ocean Minerals, Lockheed and Amoco Minerals.

* * *

South African gold production was again lower last month at 1,864,285 ounces compared with 1,900,385 ounces in May. Figures issued by the Chamber of Mines of South Africa show that the total for the first half of this year amounts to 11,237,507 ounces compared with 10,979,967 ounces in the same period of 1977.

* * *

Hampton Gold Mining Areas announces that the acquisition of Wultex Machine Company was approved at yesterday's meeting. Hampton Areas' Australian nickel royalty receipts for the 16 weeks to June 30 amounted to A$223,418.

AAR IS SEEKING FOR ANTHRACITE

Officials of the Australian AAR coal group exchanged several visits with South Korean interests in connection with the Yarrabee, Queensland, anthracite reserves.

Mr. D. D. Brown, chairman of AAR, said at the annual meeting that if a satisfactory long-term sales contract can be negotiated, it would be possible for a project based on these reserves to be brought into operation before end-1979.

Yarrabee is the site of the only major anthracite deposit to be found in Australia.

Mr. Brown said AAR is also keen to develop its steaming coal reserves, and as with Yarrabee, evaluation work and market investigations are in progress.

Turning to AAR's major asset, its 54 per cent stake in the Hail Creek coking coal deposit in Queensland, Mr. Brown said that the timetable for redevelopment depends mainly on obtaining satisfactory sales contracts for the proposed annual output of four to five million tonnes.

AAR has been holding discussions with the Japanese steel industry on Hail Creek and other potential markets are being investigated. AAR is 83 per cent owned by CSR.

OUTPUT FALLS IN CANADA

Production cutbacks in the Canadian mining industry are showing up in official statistics, reports John Soganich from Toronto.

Over the first five months of the year copper output was down to 347,928 tons from 372,543 tons in the same period of 1977. Nickel production moved to 89,901 tons from 111,538 tons, while zinc output fell to 220,358 tons from 262,473 tons. The mines produced 89,770 tons of lead against 94,404 tons in the first five months of last year.

As far as precious metals are concerned, silver, mainly a by-product of lead-zinc mining was down to 17.3m troy ounces from 19m ounces, while gold, despite renewed interest in the Canadian mines was lower at 693,69[illegible] ounces against 723,910 ounces.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

11.8% lift in tobacco group's net income

By John Wyles

NEW YORK, July 20.

DESPITE a dip in profits from transport operations and only a modest improvement in domestic tobacco earnings, R. J. Reynolds Industries today reported an 11.8 per cent increase in second quarter net income.

Reviewing the past six months, Mr. J. Paul Sticht, the company's president and chief executive, said Reynolds was well on the way to achieving record earnings per share in 1978 which would be "comfortably ahead" of last year's $8.20 a share.

Second quarter net earnings totalled $111.8m or $2.18 a share on sales of $1.69bn. This compares with last year's net of $100m on sales of $1.66bn.

For the six months net earnings were $206.8m or $4.02 a share compared with $188.1m.

The company's end-1977 earnings included a non-recurring gain of $1.07 a share following the nationalisation of its petroleum company, Aminoil, in Kuwait in last September. This denied the company an estimated $216m from its half-yearly sales total, which managed nevertheless to climb to $3.3bn from $3.2bn.

Earnings from domestic tobacco operations—Reynolds is the U.S.'s largest cigarette manufacturer, increased by a modest .9 per cent on a 7.9 per cent increase in sales in the first six months, which was mainly attributable from the carry-over of price increase late last year.

Gillette steps up dividend

BOSTON, July 20.

GILLETTE is raising its quarterly dividend from 37.5 cents to 40 cents a share, following a 43 per cent upturn in second quarter earnings after a small decline in the first three months.

Net earnings for the latest quarter totalled $25.8m, or 88 cents a share, compared with $18.1m or 60 cents a share previously. Half-year earnings were $46.1m or $1.60 a share, against $43.2m or $1.48 a share in 1977. Second quarter sales were $412.2m, against $376.9m in 1977, bringing the half-year total to $789m, against $764.3m previously.

Reuter

Studebaker

Studebaker-Worthington, the transport equipment and electronics group, made net operating profits of $20.37m in its second quarter, against $18.62m, or $2.70, against $2.38, a share. Sales came to $354.7m compared with $313.0m. The average of shares in issue was down from 7.8m to 7.47m. Six months net operating profit was up from $32.22m to $37.52m or from $4.22 to $4.83 a share. Six months sales reached $672.5m against $602.2m and the overage of shares in issue was 7,788,000 compared with 7,768,000 Reuter reports from New York.

Bristol-Myers

Bristol-Myers the toiletries and medicines concern lifted second quarter net profits from $44.18m to $48.81m or from 67 cents to 74 cents a share. Sales rose from $511m to $590m, Reuter reports from New York. Six months' result was $90.19m against $81m or $1.37 against $1.21 a share. Sales came to $1.17bn compared with $1.09bn. The figures include Unitek Corporation acquired on April 6, 1978.

Continental Group

Continental Group, the containers to insurance concern, had net profits of $55.4m, against $38.3m, in its second quarter, equal to $1.60, against ... a share. Sales expanded from $955.1m to $1.02bn, Reuter reports from New York.

Alcan sees continuation of second quarter gains

BY ROBERT GIBBENS

MONTREAL, July 20

ALCAN ALUMINIUM has reported a major gain in earnings for the second quarter and says that volume in the second period reduced surplus inventories to the equivalent of less than one month's sales. Industry sources believe this to be the lowest level of inventories since 1973.

Second quarter earnings were $US76.8m, equal to $1.90 per share, against $49.7m or $1.23, on revenues of $959m against $785m.

First half earnings were $136.9m or $3.38 per share against $85.2m or $2.11, on revenues of $1.78bn compared with $1.52bn.

Consolidated shipments in the second quarter were 464,000 tons against 378,000 tons a year earlier, and first half shipments were 858,000 tons against 757,000 tons, divided equally between ingot and semi-fabricated products.

The earnings improvement reflected higher sales, a further strengthening in prices, and high operating levels of most of the company's plants. The largest relative gains in sales came in North America and in Asia.

The company expects that Our financial staff adds: Aluminium Company of America (Alcoa) said in New York that demand had continued at high levels during the second quarter. Although shipments were below the levels of last year, they exceeded those of the first three months.

Alcoa's second quarter net earnings moved strongly ahead to $74.8m from $58.9m, corresponding to $2.13 compared with $1.70 at the per share level. Revenues during the three month period totalled $1.01bn against $917.5bn.

Primary aluminium production in the second quarter rose from 356,000 tons to 380,000. During the first half, output amounted to 760,000 tons against 707,000; shipments dropped to 874,000 from 908,000 tons.

Net profits over the six months jumped to $128.68m from $107.8m on the back of a rise in revenues to $1.95bn from $1.76bn. Earnings per share emerged at $3.66 compared with $3.10.

Explaining the quarterly drop in shipments over last year's period, the company pointed out that the 1977 second quarter had seen consumer hedge-buying in anticipation of a possible strike.

W. R. Grace still optimistic

BY STEWART FLEMING

NEW YORK, July 20.

W. R. GRACE, the diversified chemical company in which the Friedrich Flick group of Germany has a 12 per cent stake, today reported a modest increase in second quarter earnings which rose from $48.7m to $51.5m.

For the first half of 1978, earnings increased to $86.1m or $2.23 a share compared with $73.8m ($1.91) earned in the first half of 1977.

Mr. J. Peter Grace, president and chief executive, said that, in spite of economic uncertainties that require business to exercise caution in making near-term operating decisions, the company remained optimistic that the full years' results will be ahead of 1977 earnings, but he suggested that the increase would not be at the same rate as in the first six months.

Last year, the company earned $3.71 a share ($140.5m) and Wall Street analysts are predicting earnings in 1978 of $4.00 a share.

Meanwhile, Union Carbide announce net earnings for the second quarter of $1.65 a share against $1.62 previously. Total net of $106.8m compared with $102.6m.

First half net of $185.7m or $2.87 improved slightly from $184.1m or $2.94.

Sales for the second quarter increased to $1.98bn from $1.78bn. First half sales of $3.8bn compared with $3.46bn.

Foreign currency translation and exchange adjustments resulted in after-tax currency losses of $700,000 in the second quarter of 1978 and $9.1m in the first half. A year ago currency losses totalled $3.8m for the second quarter and $3m for the first six months.

Union Carbide said cost increases in the second quarter continued to put pressure on profit margins and price increases accounted for only 3 per cent of its 11 per cent sales gain.

The first-half 10 per cent sales increase reflected strong gains in speciality products, gases and related products, batteries and home and automotive products. Metals and carbons sales were also up about 10 per cent while chemicals and plastics sales were flat.

Domestic sales were $1.35bn in the second quarter, up 10 per cent, and international sales were $630m, up 14 per cent. For the first half, domestic sales were up 9 per cent to $2.58bn and international sales up 12 per cent to $1.22bn.

Monsanto sees difficult operating climate

ST. LOUIS, July 20.

MONSANTO'S chairman and president, John W. Hamley, said the company will be operating in a more difficult climate over the rest of the year, but 1978 continues to develop as another satisfactory period.

Five of the company's six divisions produced sales gains in the second quarter.

The company earlier reported second quarter earnings of $76.1m or $2.09 a share against $81.5m or $2.2 a year ago.

Meanwhile, Celanese Corporation reported net earnings per share for the second quarter of $1.60 against $1.53. Total net of $23m compares with $23m and sales of $655m with $607m.

For the six months, net of $2.85 a share compares with $2.27, total net of $42m with $34m and sales of $1.27bn with $1.15bn.

Ethyl Corporation announced net earnings of $1.10 a share against $1.34. Total net of $21.3m compared with $21.8m and sales of $364m with $334.7m.

The 1978 period net includes a $3.5m adverse effect from a tax settlement, and the 1977 period net includes a $3.4m after-tax capital gain and an approximately $3m after-tax adverse effect from settlement of a lawsuit and cancellation of expansion of certain facilities.

Stauffer Chemicals sales in the second quarter at $303.9m showed a 4 per cent increase. Net earnings increased 15 per cent to $23.2m or $1.07 per share compared with $20.1m or $0.92.

Sales in the first six months were 6 per cent higher at $733.5m and earnings 15 per cent higher at $75.7.

Agencies

Ingersoll Rand has first half upturn

NEW YORK, July 20.

INGERSOLL-RAND, manufactures of bearings and compressors, announced net earnings for the second quarter of $2.05 against $1.38 last time. Total net increased to $40.5m from $27.9m. Sales of $609.2m compared with $522.43m last time.

For the six months to date, net earnings of $3.28 a share or $65.72m compare with $2.05 or $57.57m, and sales of $1.10bn with $1.03bn.

Net totals for 1977 are restated to include results of Western Land Roller, acquired.

Net total includes foreign exchange gain of 9 cents against a loss of 24 cents in quarter and a gain of 14 cents against a loss of 50 cents in half.

Mr. William L. Wearly, the chairman, said "We anticipate that our sales and earnings for the remaining quarters of this year will continue strong."

Agencies

N. Telecom moves ahead

By Our Own Correspondent

NORTHERN TELECOM, the major communications equipment manufacturer controlled by Bell Canada, earned C$24.9m or 90 cents a share in the second quarter against $24.2m or 91 cents a year earlier, excluding special items. Sales were $366m against $342m. There were more shares outstanding in the latest period.

First half earnings were $43.7m or $1.61 a share against $43.9m or $1.66, excluding extraordinary items. Sales were $676m against $649m.

There were extraordinary gains in the 1978 period due to changes in tax laws allowing the transfer of tax losses to a parent company. Effective tax rate for the first half was reduced by four points because of research and development tax credits and non-taxable income.

First-half results reflect acquisitions of Danray and Sycor, two U.S. companies, whose contribution to first half volume was $24m.

The company said the U.S. market remains "the brightest spot." Operations in Canada in the first half were generally depressed by slow growth in the Canadian economy.

Rockwell earnings rise sharply on flat sales

BY OUR FINANCIAL STAFF

NET PROFITS of Rockwell International, the diversified aerospace and industrial concern, jumped by 42 per cent in the third quarter, while sales edged up by only 3.4 per cent.

The picture was broadly the same for the whole of the first nine months as earnings moved ahead by 33 per cent and sales managed no more than a crawl.

Rockwell, whose sales slipped slightly in the previous quarter for the first time since the B1 bomber cancellation of summer last year, turned in third quarter earnings of $52.5m against $37m on sales of $1.52bn compared with $1.47bn in the same period of 1977.

Taking the full nine month period, Rockwell profits moved up to $136.1m from $102.5m; the sales figure inched up from $4.27bn to $4.28bn.

Third quarter earnings per share of the company amounted to $1.50 compared with $1.07. For the nine months, they were $3.88 after $2.97 the previous year.

Rockwell's progress to date echoes the forecast made at the February annual meeting by the president, Mr. Robert Anderson, who said the first three months' earnings boost of nearly 40 per cent offered "an opportunity for further earnings growth" over all of the 1977-78 fiscal year.

Rockwell International's total order backlog, including unfunded aerospace business, fell to $3.9bn at the end of June from $4.4bn a year earlier.

The backlog of commercial and funded aerospace orders, however, grew to $3.1bn from $2.8bn.

The company said last month that it was holding preliminary talks on the possible sale of its aviation division to American Jet Industries.

Joy Manufacturing lifts profits

PITTSBURGH, July 20.

JOY MANUFACTURING reports net earnings for the third quarter of $1.04 a share, compared with 96 cents last time. Total net increased from $11.9m to $13.4m. Sales of $216.8m compared with $178.2m last time.

For the nine months to June 30, net earnings of $25.1m or $1.94 a share compare with $36m or $2.96. Sales of $524.5m show an increase from $495.6m in the comparable period.

Third quarter 1978 net earnings total includes a provision of $2.6m for losses anticipated to be incurred on the disposal of a French subsidiary.

This year's nine months net figure includes a provision of $6.2m or 46 cents a share for the disposal of the French subsidiary.

Mr. J. W. Wilcock, the chairman, president and chief executive told reporters that Joy, a maker of heavy equipment for the coal mining and petroleum industries decided to liquidate its wholly-owned French subsidiary because "we saw no improvement in the market for the products Joy-France produced." In fiscal 1977 Joy-France reported a $459,000 loss on sales of $9m. Henceforth Joy-France's business will be handled by Joy's operations in the U.S. and the UK.

Despite its sagging fortunes in France, however, Mr. Wilcock said he was "delighted" with Joy's strong upturn in sales and profits in the mining equipment group after the 110-day coal strike. He was also pleased with the overall performance of Joy's air pollution control equipment, industrial products and petroleum equipment divisions. These divisions reported a 27 per cent boost in third quarter bookings and a 20 per cent increase for the nine months.

Joy has recently received three new orders totalling $21m for underground coal mining equipment.

As of June 30, the total value of contracts on hand was about $400m compared with about $440m a year earlier.

Joy's balance sheet was "very strong" and its debt-to-equity ratio stands at 20 per cent compared to about 19 per cent a year ago.

Mr. Wilcock predicted that Joy "will have a very good year in sales and earnings for all of fiscal 1979. We feel that all of the problems we had this year are behind us," he said.

AP-DJ

Saudi entrepreneur bidding for Hyatt

BY OUR OWN CORRESPONDENT

NEW YORK, July 20.

THE U.S. investment spree of Saudi Arabian businessman Mr. Ghaith Pharaon and his associates shows no sign of abating, with the news today of offers to purchase Hyatt International Corporation and a 20 per cent stake in a Texan architecture and design company.

If these and other purchases go through, they could bring the total expenditure in the U.S. this year by Mr. Pharaon and his colleagues to more than $80m. The 37-year-old Saudi entrepreneur has alreay laid out $12.3m to take a 60 per cent stake in the National Bank of Georgia and, earlier this month, filed preliminary documents for a tender offer for a Texan petroleum company OKC Corporation, which could yield a 24 per cent holding for up to $19m.

Yesterday Hyatt International, which is an international hotel operator, disclosed that it had received "unsolicited" proposals from a Saudi company headed by Mr. Pharaon, the Saudi Research and Development Corporation. Broadly these suggested either a full merger with Hyatt for $24.3m or the acquisition of a minority 48.5 per cent holding.

Hyatt directors are due to meet shortly to consider the proposals but the Pritzker family, which owns 55 per cent of the company's stock, has decided to withdraw its previously announced offer to acquire the outstanding shares for $9.50 each. The Saudi Research and Development Corportion's full takeover offer values the company's stock at $11 a share.

Meanwhile, CRS Design Associates of Houston announced today that the chairman and eight founders of the company had agreed to sell a 20 per cent holding worth $5.6m to a company headed by Mr. Pharaon. The purchase, said CRS, would be purely for investment purposes.

BRIEFLY

Congoleum doubles half-year results

NEW YORK, July 20.

THE flooring, furniture and ship-building concern Congoleum Corporation had net earnings for the first six months of the current fiscal year almost doubled from $1.20 to $2.35 a share while Pennwalt Corporation, the chemicals company, moved ahead from $2.10 to $2.45 a share for the same period.

Also reporting first half results today were the electric motors group W. W. Grainger Incorporated, up from $1.02 to $1.21 a share; P. R. Mallory Company, in the electronics field, down a little from $1.49 to $1.21 a share, and the coal and gas company Eastern Gas and Fuel Associates, which suffered a sharp reverse with per share earnings down from $1.04 to just one cent.

For the full year, the soyabeans and flourmills company Archer Daniels Midland Company reported net earnings of $1.81 a share compared with $1.97.

First quarter earnings of the housing company Redman Industries moved up sharply from 9 cents a share to 23 cents.

The cement manufacturer General Portland Incorporated had per share earnings for the second quarter of $1.02 against 57 cents, and Fort Howard Paper Company, which makes paper and paper products, advanced from 85 cents to 90 cents a share.

American Hospital Supply Corporation, which supplies hospital and laboratory equipment, moved up from 51 cents to 58 cents a share in the second quarter, and in the same period the electricity utility holding company Central and South West remained unchanged at 30 cents a share.

The industrial, building and mining equipment group Gardner-Denver Company made net earnings for the second quarter of 79 cents compared with 36 cents a share last time, while the railway operator Seaboard Coast Line Industries advanced from $1.95 to $2.17 in the same period.

Also in the second quarter, the rubber, plastics, tyres and wire concern Carlisle Corporation made net earnings a share of $1.56 against $1.56, bank holding company First Bank System moved up from $1.11 a share to $1.32, and the broadcasting, publishing and films group Cox Broadcasting Corporation increased from $1.27 to $1.43.

Louisiana Pacific Corporation, the wood and building materials company, expanded from 60 cents a share to 83 cents in the second quarter, but Dillingham Corporation, which has interests in maritime resources and property, slipped back from a profit of $2.8m to a loss of $798,000. Union Camp, the paper, chemicals and building materials concern, edged downwards from $1.30 a share to $1.27.

Agencies

. QUARTERLIES

...RICAN BRANDS

...d Quarter	1978 $	1977 $
...ue	1.23bn	1.11bn
...rofits	42.54m	41.5m
...er share	1.58	1.54
...nths		
...ue	2.49bn	2.2bn
...rofits	98.35m	83.05m
...er share	3.68	3.09

...AND HOWELL

Quarter	1978 $	1977 $
...ue	138.3m	117.1m
...rofits	3.4m	3.0m
...er share	0.61	0.53
...nths		
...ue	262.3	227.5
...ofits	6.5m	5.9m
...r share	1.16	1.02

...WARNER

Quarter	1978 $	1977 $
...e	608.5m	517.8m
...ofits	38.5m	28.6m
...r share	1.80	1.35
...ths		
...e	1.13bn	987.3m
...ofits	64.7m	48.0m
...share	3.02	2.30

...NGTON INDS.

...uarter	1978 $	1977 $
...e	614.4m	621.9m
...fits	20.28m	25.54m
...share	0.72	0.90
...nths		
...e	1.81bn	1.77bn
...fits	51.61m	69.22m
...share	1.83	2.44

...NED COMMUNICATIONS

...uarter	1978 $	1977 $
...e	85.3m	61.7m
...fits	8.2m	6.1m
...share	0.79	0.63
...s		
...e	154.7m	113.4m
...fits	12.3m	9.3m
...share	1.21	0.96

COMMONWEALTH ED.

Second Quarter	1978 $	1977 $
Revenue	569m.	480m.
Net profits	61.4m.	29.1m.
Net per share	0.80	0.44
Six Months		
Revenue	1.18bn.	992bn.
Net profits	113.2m.	77.2m.
Net per share	1.49	1.19

ENGELHARD MINERALS

Second Quarter	1978 $	1977 $
Revenue	2.13bn	1.86bn
Net profits	30.1m	34.0m
Net per share	0.92	1.03
Six Months		
Revenue	3.69bn	3.34bn
Net profits	55.3m	63m
Net per share	1.68	1.91

FRUEHAUF

Second Quarter	1978 $	1977 $
Revenue	610m	461m
Net profits	25.06m	16.24m
Net per share	2.08	1.35
Six Months		
Revenue	1.09bn	882m
Net profits	38.86m	26.53m
Net per share	3.22	2.21

GENERAL SIGNAL

Second Quarter	1978 $	1977 $
Revenue	235.46m	221.95m
Net profits	14.26m	11.66m
Net per share	0.72	0.59
Six Months		
Revenue	484.06m	435.93m
Net profits	26.37m	22.03m
Net per share	1.33	1.11

GEN. TELEPHONE & ELECT.

Second Quarter	1978 $	1977 $
Revenue	2.15bn	1.88bn
Net profits	149.36m	134.64m
Net per share	1.01	0.94
Six Months		
Revenue	4.14bn	3.65bn
Net profits	310.07m	268.48m
Net per share	2.13	1.89

B. F. GOODRICH

Second Quarter	1978 $	1977 $
Revenue	628.3m	582.1m
Net profits	17.4m	20.8m
Net per share	1.15	1.38
Six Months		
Revenue	1.2bn	1.1bn
Net profits	33.1m	38.6m
Net per share	2.19	2.56

INTERLAKE

Second Quarter	1978 $	1977 $
Revenue	231.0m	202.0m
Net profits	8.1m	6.8m
Net per share	1.36	1.15
Six Months		
Revenue	435.0m	383.0m
Net profits	7.0m	9.4m
Net per share	1.17	1.59

KRAFT

Second Quarter	1978 $	1977 $
Revenue	1.38bn	1.29bn
Net profits	45.36m	41.22m
Net per share	1.62	1.47
Six Months		
Revenue	2.77bn	2.57bn
Net profits	93.28m	79.76m
Net per share	3.33	2.85

MOTOROLA

Second Quarter	1978 $	1977 $
Revenue	548m	460m
Net profits	32.9m	27.2m
Net per share	1.08	0.92
Six Months		
Revenue	1.04bn	879m
Net profits	60.5m	51.8m
Net per share	1.99	1.71

NAT. DISTILLERS & CHEM.

Second Quarter	1978 $	1977 $
Revenue	467.0m	382.0m
Net profits	22.4m	19.1m
Net per share	0.81	0.74
Six Months		
Revenue	889.0m	769.0m
Net profits	44.3m	39.8m
Net per share	1.65	1.54

OLIN

Second Quarter	1978 $	1977 $
Revenue	423.7m	394.17m
Net profits	26.0m	27.78m
Net per share	1.06	1.15
Six Months		
Revenue	776.52m	781.97m
Net profits	29.75m	49.69m
Net per share	1.24	2.06

RALSTON PURINA

Third Quarter	1978 $	1977 $
Revenue	1.03bn	942.8m
Net profits	38.3m	35.9m
Net per share	0.34	0.32
Nine Months		
Revenue	3.02bn	2.81bn
Net profits	120.4m	109.3m
Net per share	1.07	0.98

WALTER KIDDE

Second Quarter	1978 $	1977 $
Revenue	461.8m	343.7m
Net profits	16.06m	12.53m
Net per share	1.26	1.09
Six Months		
Revenue	862.1m	661.0m
Net profits	29.36m	23.34m
Net per share	2.31	2.03

WHEELING-PITTSBURGH

Second Quarter	1978 $	1977 $
Revenue	291.5m	262.6m
Net profits	8.7m	2.7m
Net per share	2.11	0.54
Six Months		
Revenue	553.2m	473.5m
Net loss	*9.4m	*18.1m
Net per share	—	—

ZENITH RADIO

Second Quarter	1978 $	1977 $
Revenue	227.0m	237.0m
Net profits	5.6m	7.5m
Net per share	0.30	0.41
Six Months		
Revenue	441.0m	468.0m
Net profits	6.7m	13.5m
Net per share	0.36	0.72

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SYNDICATED LENDING

Waiting for a shift in the market

BY FRANCIS GHILÈS

THE TALKING POINT in the Eurocurrency syndicated lending market now as for the last 18 months is when, and at what level, the market's terms of trade will move in *favour of* lenders again. There are two *big differences now*. First, in the most important respect—the level *of* margins payable over inter-bank rates—the minimum rates charged by the banks cannot be cut down much more if even the most marginal profitability on new deals *is to be* maintained. Secondly, there are *stronger indications than* wishful statements by U.S. bankers that the tide may be turning.

At least two sovereign borrowers (Morocco and Nigeria) have recently agreed to loan terms which are less favourable than their previous loans, while Continental bankers are now for the *first time joining* U.S. bankers in arguing that the market may be in sight of a turn.

Few would argue that there will be any major change until the autumn. *Nigeria and Morocco* are both widely felt to be special *cases, mainly* because the terms of the earlier loans were unwarrantably tight. Moreover, whatever the prospects for the medium and longer term, it is *also generally felt that some* softening of terms in general may well be yet to come.

There has long been strong resistance among a number of large U.S. banks to lending on spreads over the interbank rate of *less than* ⅞ per cent. Some major U.S. banks will, however, *go along with* ½ per cent spreads and U.S. banks which have not played a prominent role in the market have been known to offer terms to a particular *borrower which* while they may be frowned upon by other U.S. banks, do have a measurable effect on market trends.

Continental European bankers —under attack from U.S. bankers *for rate-cutting—argue that when* Continental Illinois offered to raise a major loan for Hungary on a split spread of ⅝-¾ per cent last spring this opened the floodgates to what had, up to then, been a very exclusive club of low margin borrowers. Since then most OECD countries, other *Comecon* countries and a string of Middle Eastern and *Asian countries have succeeded* in arranging loans at these low spreads.

All banks, on the other hand, are resisting the fall in spreads below the level of ⅝ per cent though French bankers do not *rule out* a prime French name moving down to ⅝ per cent.

However, although the floor level for spreads is not expected to fall there are several other ways in which the terms of loans are, on average, likely to soften in the immediate future.

The next few months are *likely to witness those borrowers* who have been paying higher spreads getting closer to the prevailing minimum: Brazil, Mexico and Algeria fall into this category. Some rearrangement or relationships between the *margins paid by different borrowers* is arguable on credit risk grounds.

Attention is traditionally focused on the movement of spreads: *but* what has happened to maturities and grace periods is no less significant. While average maturities of between five and seven years were the norm in 1977, eight to ten years are now common. The OECD *has pointed out that loans of ten* years and over accounted for a rapidly increasing proportion of total recorded credits (about $3.75bn in the period from *January* to April, or 26 per cent of the total, as compared with less than 5 per cent in the last quarter of 1977).

Grace *periods* have also lengthened appreciably: from an average of two to three years in *1977 they have been stretched* to four to five years today. In view of the bunching of repayments with which some countries are faced between 1978 and 1981, *this restructuring of the maturity of their debt is healthy*.

Finally front end and commitment fees have come under pressure but in a number of cases there is little room for a further decline.

Club Med to set up air charter company

By Robert Mauthner

PARIS, July 20.

CLUB Mediterranee, the French holiday village and hotels group, is negotiating an agreement with three large French travel organisations to set up a joint air charter company.

Though the talks with the *three unnamed partners* are still in an early stage, Club Med's chairman, Mr. Gilbert Trigano, said in a newspaper interview here that he hoped they would be concluded by the end of August.

The plan is to acquire some four or five aircraft of the Boeing 737 *type to transport* up to 600,000 passengers annually to holiday resorts and villages in the Mediterranean area.

M. Trigano made it clear that Club Med, which has an annual *transport turnover of some* FFr 300m (about $67.5), and is by far the biggest French charter travel client, is dissatisfied with its present arrangements with Air France.

Air France, M. Trigano *claimed*, currently holds a quasi-monopoly of the French air charter market and controls a large slice of the overall tourist market through its *travel agency subsidiaries and* hotels.

The state-owned airline's charter prices were considerably higher than those charged by competing companies in other countries, he said. *Though Club Med had always* considered that a difference in charter air fares of some 10 per cent was justified by the higher quality of the service provided by Air France, in many cases the discrepancy was now much greater.

Thus, Club Med now transported its clients between New York and the French Antilles at prices 36 per cent cheaper.

In a statement issued today, Air France denied that it had a *virtual monopoly* of the French charter market, and stressed that the share of its subsidiary, Air Charter International, was no more than 40 per cent.

W. German mail order group ahead

BY GUY HAWTIN

FRANKFURT, July 20.

EUROPE'S LARGEST mail order operation, the Schickedanz group, has maintained sales at a satisfactory level during the first half of the year. Although turnover is only slightly up on the opening six months of 1977, the management points out that last year's sales were considerably boosted by *1977's golden jubilee special* offers.

The group, *which is controlled* by the Schickedanz family, announced today that first half turnover was up by DM 20m, or 0.7 per cent. However, when the first half's performance was stripped of sales stemming from the *special jubilee* catalogue, the underlying growth in turnover was *some DM 320m.*

Frau Grete Schickedanz, the concern's chief executive, said that the management regarded the first half's performance as a success. It had to be borne in mind, she said, that sales in the *first half of 1977* had expanded by *17 per cent, with the mail order* sector registering 25 per cent *growth,* while that of the non-mail order interests — which includes stores and home construction—rose by 10 per cent.

Such a performance at a time when retail sales were far from lively was very hard to equal. It *had to be expected that the first* half of the current year had been rather less exciting.

That said, turnover during the 1977/78 business year, which ended on January 31, was up by 11.2 per cent from DM 6.65bn to DM 7.35bn ($3.57bn). At the same time, profits on the group's *domestic trading operations* — sales up from DM 5.96bn to DM 6.6bn—more than doubled from the 1976/77 net of DM 52m to DM 109m.

The group is unwilling to forecast the likely performance for the current year either in terms of sales or profits. It was pointed *out that this would not be* calculable until the group was able to assess the Christmas sales performance.

Herr Hans Dedi, the group's deputy chief executive, pointed out that in 1977 national retail sales had stagnated. This year a hefty *decline in* the savings rate had resulted in a good deal more cash in the pocket of the consumer. But the benefits of this had only been felt in three main areas—the motor market, the travel trade and private housing.

Although there had been an *improvement in the* general economic climate, consumers were maintaining their "lethargic" attitude towards buying. Not only that, the retailing sector was already feeling the drought stemming from the overall decline in the number of consumers in the federal republic which had taken place as the number of guest workers had substantially fallen during the recession.

Schickedanz, whose trading names include Quelle, is reacting to the *situation* by stepping up both sales effort and investment. This will be aimed at rationalisation, improved technology and expansion. Capital investment this year will total DM 133m, compared with DM 115m in 1977-78 and DM 103m in 1976-77.

The group's mai mail order catalogue, which is estimated to reach every *second* household in the Federal Republic, is being increased in size by 118 pages, bringing the autumn/winter catalogue up to a mammoth 1,228 pages. At the same time, its circulation will be increased from 7.8m to 8m.

Orders can be placed through a network *of some 1.5m local* agents or through showrooms, linked with the group's central computer, which display goods and accept orders.

Stevin and Volker unveil merger terms next month

BY CHARLES BATCHELOR

AMSTERDAM, July 20.

TWO DUTCH construction groups, Stevin and Royal Adriaan Volker, *expect* to announce further details of their proposed merger next month.

In a brief joint statement today the companies said they were still considering "all three possible forms of merger." Either company could bid for *the other or a new holding* could be formed to acquire the shares of both groups.

The merger would create one of the largest *construction* companies in Holland. The two had a combined turnover of Fl 2.8bn ($1.26bn) in 1977 and a workforce of 22,000. The main aim of the merger is to allow them to compete on a more equal footing with foreign contractors.

Meanwhile, Royal Wessanen, the Dutch foodstuffs group, has announced that it is discussing with Ward Foods of Illinois the acquisition of the capital of a Ward subsidiary, Marigold Inc of Minneapolis.

Agreement has yet to be reached on purchase price: Marigold *is a regional producer* and supplier of dairy products with sales of $90m. Wessanan could not comment on the talks.

The Dutch company announced in April that it planned to acquire a sizeable company abroad, probably in the U.S., to continue its foreign expansion. *Growth in Holland has slowed* in recent years. Wessanen derived 52 per cent of turnover of Fl 2.2bn ($990m) abroad in 1977: net profits for the year were Fl 16.6m ($7.5m).

The company's dairy division has been adversely affected in recent years by EEC policy aimed at reducing commodity surpluses. The U.S is seen as *attractive because of the size* and advanced state of development of the market and the presence of product and management expertise. Wessanen already has sales operations for cocoa and oil products in the U.S.

Swedish shipping group hopes to reduce loss

BY WILLIAM DULLFORCE

STOCKHOLM, July 20.

THE Salén shipping group hopes this year to reduce its losses from the record S. 255m *($55.4m) pre-tax loss made in* 1977 on a SKr 2.04bn ($444m) turnover.

By taking further advantage of its depreciation reserves and its inventory reserve, it should be able to show a zero result after tax and appropriations *as in 1977.*

The English version of the 1977 annual report from Saleninvest, the parent company, indicates that the management will continue its efforts to with*draw from the* tanker business and concentrate activities on its profitable reefer division. Salén made operating losses of SKr 193m and SKr 90m respectively on its tanker and dry cargo operations last year, while *its refrigerated ships turned* in an operating profit of SKr 121m. These figures exclude ship transactions.

Mr. Sture Oedner, managing director, suggested after the annual meeting last month that Salén could *withdraw completely* from the tanker business. It has 11 large tankers left in its fleet, of which all but four have been written down and carry a borrowing value roughly equivalent to their current market prices.

Three further factors stand out *in the* 1977 report: the sharp increase in external borrowing last year, the management's success in maintaining liquidity above the SKr 200m target it has set *for itself* and the SKr 794m listed as still available *in the depreciation reserves.*

If this depreciation reserve is subtracted, the reported net value of the group's tankers and dry cargo ships is higher than their current market value, while, the opposite is true of the refer fleet and the ferries. Salén calculates, however, that *these two items cancel each other* out and that the net value of its fleet as a whole is roughly equal to its current market level.

C. G. Smith Sugar in two takeovers

By Richard Rolfe

JOHANNESBURG, July 20.

C. G. SMITH SUGAR, the largest South African sugar producer, announced at its annual meeting in Durban that it has made two acquisitions.

In the first deal, it is buying Smithchem (Pty) from its *associate,* C. G. Smith and Company, for R3.55m, financed from cash resources. In the second, it is acquiring, jointly with Tongaat, Melville Sugar Estates, a subsidiary of Anglo American Industrial Corporation (AMIC), held through AMIC's subsidiary Mondi Paper. The consideration *for* Melville is R7m, of which C. G. Smith Sugar and Tongaat will *pay half* each.

Smithchem (Pty) produces furfural and showed pre-tax profit of R362,000 last year compared with C. G. Smith Sugar's R24.7m. With C. G. Smith Sugar showing cash holdings of R13.4m in its last balance sheet, plus sugar stocks of a further R17m, *one aspect of the deal is that* cash will be injected into the relatively illiquid C. G. Smith and Company.

The purchase of the Melville mill will also be financed from C. G. Smith Sugar's cash *resources. The mill produced* 41,000 tons of sugar last year, or only 2 per cent of the South African crop. The objective of the acquisition is to close the mill down as soon as possible and to transfer the quota to Tongaat and C. G. Smith Sugar mills.

Hence the deal can be seen as a defensive move. Tongaat and C. G. Sugar operate large, high volume mills vulnerable to lower throughput. Faced with weak *export prices and domestic* production cutbacks, it has become essential for the industry majors to maintain volume over the forthcoming difficult seasons.

Industry sources believe that the other small mills are also *vulnerable* to rising costs and diseconomies of scale, and could possibly be absorbed into the big three producers, C. G. Smith Sugar, Huletts and Tongaat if the squeeze intensifies.

Fiat half-year sales rise

TURIN, July 20.

FIAT reported a turnover of L7.31trillion (million million), or $8.63bn, in the first six months of 1978 compared with L6.74trillion in the same period *last year, a rise of 8.5 per cent.*

Investments totalled L469bn *against L428bn in the first half* of last year, Fiat said in its half-yearly newsletter.

The automobile sector showed a substantial improvement, with domestic sales increasing by 7.3 per cent to 414,700 vehicles.

Foreign sales were down, chiefly because of lack of supplies for foreign markets, Fiat said.

It added: "The outlook is bright, mainly on account of the introduction of important new models in the first *half* of the year."

These are the 131 Mirafiori and Super-Mirafiori, the 131 diesel 2000, the 132 diesel and the new Ritmo.

Fiat's chairman, Sig Gianni Agnelli, said in the company letter that his recent agreement *with France's Peugeot-Citroen* on a joint plant in the Abruzzi *region* of south-central Italy showed Fiat had made a commitment to Italy's poor south.

Reuter

Kangra makes surprise offer for Stuttafords

By Our Own Correspondent

JOHANNESBURG, July 20.

KANGRA HOLDINGS, the private company owned by Mr. Graham Beck, has made a bid for Stuttafords, the long-established store group. Shares in Stuttafords have been *suspended in Johannesburg* since July 13 and, with the last price at 470c against net asset value of 1,200c, there had been widespread speculation that negotiations were taking place over the store group's *future* control. But the Kangra move comes as a surprise.

Mr. Beck has been a highly successful coal miner for many *years and has no other visible* interests apart from a number of bloodstock farms, in which he has invested large sums of money. He is best known, however, as a "super salesman" for South African coal.

He recently acquired a 14 per cent stake in Stuttafords and *then proceeded to bid 650c cash* to the other major shareholders, The Old Mutual with 26 per cent and the Stuttafords family, which, on the widest interpretation, holds 30 per cent. The Old Mutual, despite certain sentimental ties to the store *group,* had to put policy holders first when offered an exist yield of 4.3 per cent on last year's dividends and 18 times last year's earnings, and the family then had no alternative but to accept as well. *The offer values* Stuttafords at just under R12m.

Mr. Beck said that he now plans to spend some time "looking at what I've bought." Apart from the department stores, various parts of Stuttafords could *lend themselves to a hiving-off* operation, particularly some of the property interests and the removals division.

EUROBONDS

Floating rate notes drop

BY MARY CAMPBELL

CURRENT TRENDS in the international bond markets *intensified yesterday* with sharper falls than before in floating rate note prices being reported and significant firming of the dollar straight bond sector. The German domestic bond market was again very *weak — the Bundesbank was* reported to have bought around DM350m worth of domestic paper — and the foreign bond prices again fell.

The issue price for J. C. Penney was last night expected to be set at 99½, with the other terms unchanged from the initial indications.

Reports from Tokyo indicate that New Zealand has postponed its proposed August issue for a few weeks at least.

One new floating rate note issue has been launched. It is $25m for the Alahli Bank, Kuwait's fourth largest bank. The five year notes will pay interest at a quarter of a point *over the London offered rate* for dollar inter-bank deposits (Libor) or 5½ per cent, whichever is the higher. Westdeutsche Landesbank is lead manager.

Denmark has redeemed the DM 100m 8½ per cent issue which was not due to be repaid until 1982. The grounds for the *redemption were that the rates* were too high, while the market was felt to be liquid enough for Denmark to raise further funds at the lower rates currently ruling if it needed to do so. Denmark has plenty of liquidity *at present.*

Market sources pointed out that there is another high coupon D-Mark Danish issue outstanding, which it would be appropriate for the country to redeem early. The autumn would be the most likely timing for such a move, they said.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	97¼	98¼
AMEV 9pc 1987	95½	96¼
Australia 8½pc 1992	93¾	94¼
Australian M. & S. 9½pc '92	97½	98¼
Barclays Bank 8½pc 1992	95¼	96
Bowater 9½pc 1992	97½	98¼
Can. N. Railway 8¾pc 1986	95½	96
Credit National 8½pc 1986	95¾	96½
Denmark 8½pc 1984	98½	99
ECS 9pc 1993	99¾	100
ECS 8½pc 1997	93¾	94¼
EIB 8½pc 1992	96	96½
EMI 9½pc 1989	98½	99¼
Ericsson 8½pc 1989	97¼	98
Esso 8pc 1986 Nov.	99¾	100¼
Gt. Lakes Paper 8½pc 1984	95	95½
Hamersley 9½pc 1992	100¾	101¼
Hydro Quebec 9pc 1992	96½	97
ICI 8½pc 1987	96	96½
ISE Canada 9½pc 1986	103½	104
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9½pc '91	98¾	99¼
Michelin 9½pc 1988	100¼	101¼
Midland Int. Fin. 8½pc '92	95¼	96
National Coal Bd. 8pc 1987	93	93½
National Wstmnstr. 9pc '86	100¾	101¼
Natl. Wstmnstr. 9pc '86 'B'	100¾	101¼
Newfoundland 9pc 1989	99½	100¼
Nordic Inv. Bank 8½pc 1988	96¼	97
Norges Kom. Bk. 8½pc 1992	95	95½
Norpipe 8½pc 1989	95½	96
Norsk Hydro 8½pc 1992	94¾	95¼
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1995	95	95½
Prov. Saskatchwn. 8½pc '86	97½	98¼
Reed International 9pc 1987	93½	94¼
RHM 9pc 1992	95	95½
Selection Trust 8½pc 1989	91½	92½
Shell Intl. Fin. 8½pc 1990	95½	96¼
Skand. Enskilda 9pc 1991	96	96½
SKF 8pc 1987	91½	92¼
Sweden (K'dom) 8½pc 1987	94½	95
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93½	94

NOTES	Bid	Offer
Australia 7½pc 1984	93¾	94¼
Bell Canada 7½pc 1987	96½	97
Br. Columbia Hyd. 7½pc '85	93½	94¼
Can. Pac. 9½pc 1984	99	99½
Dow Chemical 8pc 1986	98¾	99¼
ECS 7½pc 1982	94¾	95¼
ECS 8½pc 1989	94½	95
EEC 7½pc 1982	96½	97
EEC 7½pc 1984	94½	95½
Enso Gutzeit 8½pc 1984	96	96½
Gotaverken 7½pc 1982	94½	95
Kockums 8pc 1983	97½	98
Michelin 8½pc 1983	98½	99¼
Montreal Urban 8½pc 1981	99½	100¼
New Brunswick 8pc 1984	97	97½
New Bruns. Prov. 8½pc '83	99¼	100¼
New Zealand 8½pc 1988	95½	96¼
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1982	95½	96¼
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	94	94½
Singer 8½pc 1982	99¼	100¼
S. of Scot. Elec. 8½pc 1981	98½	99
Sweden (K'dom) 7½pc 1982	94½	95¼
Swedish State Co. 7½pc '82	95½	96
Telmex 9½pc 1984	99	99½
Tenneco 7½pc 1987 May	91½	92¼
Volkswagen 7½pc 1987	95	95½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	89½	90½
Citicorp 10pc 1993	92½	93½
Courtaulds 9½pc 1989	90½	91½
ECS 9½pc 1989	94½	95½
EIB 9½pc 1988	96½	97½
EIB 9½pc 1992	93½	94½
Finance for Ind. 9½pc 1987	91½	92½
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	92	93
INA 10pc 1988	92½	93½
Rowntree 10½pc 1988	90	91
Sears 10½pc 1988	92	93
Total Oil 9½pc 1984	90½	91½

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	94½	95½
BNDE 6½pc 1986	95½	96
Canada 4½pc 1983	97	97½
Den Norske Id. Bk. 6pc '90	99½	100¼
Deutsche Bank 4½pc 1983	96½	97¼
ECS 5½pc 1990	91½	92
EIB 5½pc 1990	91½	92
Elf Aquitaine 5½pc 1988	93½	94½
Euratom 5½pc 1987	97	97½
Finland 5½pc 1986	94	94½
Forsmarks 6½pc 1990	94½	95½
Mexico 6pc 1985	95½	96
Norcem 5½pc 1989	93½	94½
Norway 4½pc 1983	97	97½
Norway 4½pc 1983	96	96½
PK Banken 5½pc 1988	94½	95¼
Prov. Quebec 6pc 1990	96	96½
Rautaruukki 5½pc 1988	94	94½
Spain 6pc 1988	95	95½
Trondheim 5½pc 1988	95½	96
TVO Power Co. 6pc 1988	96½	97
Venezuela 6pc 1988	95	95½
World Bank 5½pc 1990	96	96½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99	99½
BFCE 1984 8½pc	99½	99¾
BNP 1983 8½pc	100½	100¾
BQE Worms 1985 9pc	98	98½
CCF 1985 8½pc	98½	99
Chase Manhattan 1993	98½	98¾
Creditanstalt 1984 8½pc	99	99½
DG Bank 1982 9pc	99½	100¼
GZB 1981 9 1/16pc	99¾	100¼
Intl. Westminster 1984 8pc	98½	99¼
Lloyds 1983 9 13/16pc	100	100½
LTCB 1983 8pc	98¾	99¼
Midland Int. FS '87 8 9/16pc	98½	99¼
Midland Int. FS '93 9 7/16pc	98½	99¼
Nat. Westminster '90 9 5/16pc	99	99½
OKB 1983 8½pc	99¾	100¼
SNCF 1985 8½pc	99¼	99¾
Stand. and Chtrd. '84 8½pc	99	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	81½	83
Ashland 5pc 1988	96	97½
Babcock & Wilcox 6½pc '97	106½	107½
Beatrice Foods 4½pc 1992	97½	99
Beatrice Foods 4½pc 1992	108	109½
Beecham 6½pc 1992	100	101
Borden 5pc 1992	99½	101
Broadway Hale 4½pc 1987	76	77½
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	123½	127
Dart 4½pc 1987	81	82½
Eastman Kodak 4½pc 1988	84½	86
Economic Labs. 4½pc 1987	78½	80
Firestone 5pc 1988	80	81½
Ford 5pc 1988	86	87½
General Electric 4½pc 1987	81	83½
Gillette 4½pc 1987	77	78½
Gould 5pc 1987	117	118½
Gulf and Western 5pc 1988	86½	88
Harris 5pc 1992	190½	192½
Honeywell 6pc 1986	87½	89
ICI 6½pc 1992	89½	90½
INA 6pc 1997	96	97½
Inchcape 6½pc 1992	112½	113½
ITT 4½pc 1987	78½	80
Jusco 6pc 1992	118½	119½
Komatsu 7½pc 1990	138½	140½
J. Ray McDermott 4½pc '87	144½	146½
Matsushita 6½pc 1990	182½	183½
Mitsui 7½pc 1990	133	134
J. P. Morgan 4½pc 1987	92	93½
Nabisco 5½pc 1988	104	105½
Owens Illinois 4½pc 1987	115	116½
J. C. Penney 4½pc 1987	75½	77
Revlon 4½pc 1987	123½	125
Reynolds Metals 5pc 1988	83	84½
Sandvik 6½pc 1988	110	111½
Sperry Rand 4½pc 1987	82½	83½
Squibb 4½pc 1987	84	85½
Texaco 4½pc 1988	78	79½
Toshiba 6½pc 1992	138½	139½
Ty Co 5pc 1984	78	79½
Ty Co. 5½pc 1988	103½	104½
Union Carbide 4½pc 1982	92	93½
Warner Lambert 4½pc 1987	81	83½
Warner Lambert 4½pc 1988	77	78½
Xerox 5pc 1988	77½	79

Source: Kidder, Peabody Securities.

INTL. FINANCIAL AND COMPANY NEWS

ACI in A$13m disposal of fibre packaging interests

BY JAMES FORTH

SYDNEY, July 20.

AUSTRALIAN CONSOLIDATED Industries plans to sell the bulk of its Australian fibre packaging operations for A$13.4m (US$15.4m) in a major rationalisation of the industry. The intended buyer is Fibre Containers, which is 68 per cent owned by Amatil, the tobacco, food and packaging group. Because British-American Tobacco, of the UK, has a sizeable stake in Amatil, the deal needs the approval of the Foreign Investment Review Board.

The fibre packaging industry is extremely competitive and has suffered in recent years with considerable excess capacity. The directors of ACI and Fibre Containers said that the move would make the combined business more viable in an industry which had significant over-capacity.

The purchase is for cash, of which A$6m is due and payable three years after the completion of the purchase, and the remainder will be paid on August 31.

It is suggested that ACI for some time has considered that it had too high a concentration of activities on packaging. A desire to increase its activities in building products lay behind ACI's recent A$50m takeover bid for Vulcan Industries.

Fibre Containers will purchase ACI's fibre packaging businesses in Sydney, Brisbane, Melbourne and Adelaide. It is intended that the Brisbane business of Queensland Fibre Packages and the Adelaide business of ACI Fibre Packages will continue to manufacture at their existing locations. The operations of ACI fibre packages in Melbourne and Sydney will, in due course, be merged with the existing plants of Fibre Containers in those locations. In Adelaide the fibre containers operations will be merged with ACI Fibre Packages' existing plant.

Rheem Australia increases its dividend

BY OUR OWN CORRESPONDENT

SYDNEY, July 20.

RHEEM AUSTRALIA, the manufacturer of water heating systems and packaging products, has raised its dividend from 9 cents to 9.5 cents, after a 13 per cent increase in earnings from A$4.86m to a record A$5.47m (US$6.3m) in the year to May 31. The rise in earnings slightly outpaced that in sales, which increased by 11 per cent to A$162m (US$186m).

The directors said that the results were achieved by continuing attention to cost control, and by *consolidation and rationalisation of some production and activities.*

The results of the New Zealand subsidiary, which performed well in the first half, were disappointing, with lower-than-expected activity, it was said. The Australian operations were subdued and showed no real improvement on the levels of the previous year. There was unused capacity in most product areas, and the directors saw little likelihood of change in this pattern in the *near future.*

The New Guinea offshoot earned a record profit, while the Indonesian company had a considerably improved result. Astrapak — a joint venture company with St. Regis-ACI, which combines the two groups' flexible packaging divisions, started operations on February 1, and prospects for the first year of operation were encouraging.

Earnings a share were 19.9 cents compared with 17.7 cents in the previous year.

Profit rise by Everite

By Richard Rolfo

JOHANNESBURG, July 20.

THE ASBESTOS cement products group Everite, controlled by Eternit of Switzerland, has estimated higher profits for the year to June 30, despite earlier indications of a decline.

Operating income has risen from R6.8m to R8m ($9.2m) on turnover up from R50m to R62.3m ($71.84m) and investment income, derived from the group's local asbestos mining venture, was maintained at R1.1m despite an intimation of reduced income from this source with the interim figures.

Lane Crawford up 22%

BY RON RICHARDSON

HONG KONG, July 20.

LANE CRAWFORD, the publicly listed department store subsidiary of the Wheelock Marden Group, has maintained the strong profit recovery of 1977 in the 12 months to March 31, 1978.

In a preliminary statement, the directors said consolidated net profit for the latest year, after tax and minority interests, would be not less than HK$21.1m (U.S.$4.54m). This is a record and represents a rise of at least 22 per cent on the 1977 profit of HK$17.2m, which was itself a 20 per cent advance. Prior to that earnings had been in decline for several years.

The dividend both on the HK$2 par "A" shares and the 20 cent par "B" shares is above the forecast made at mid-year. Final payment on the "A" stock is 24 cents, making a total of 34 cents, and on the "B" shares 2.4 cents making 3.4 cents.

The payment, which is on capital increased by a one-for-ten scrip issue last August, compares with 32 cents and 3.2 cents respectively last year. Total dividend for the year will cost HK$15.9m compared with HK$13.6m.

ACS bids for its major shareholder

By Our Own Correspondent

SYDNEY, July 20.

A SURPRISE bid has been made by Australian Conversion Services for its own major shareholder, Mascot Industries. Both companies produce tallow and process meat by-products.

The companies have held shares in each other for some years. ACS holds about 6 per cent of Mascot's capital. It is suggested that this was an amicable arrangement, but that over the past 18 months Mascot began to build up its ACS stake. Almost two weeks ago Mascot purchased almost 10 per cent of the capital of ACS, taking its equity to more than 40 per cent.

The managing director of Mascot, Mr. W. P. McGrath has been on the ACS Board for several years.

The directors of ACS said that the offer for Mascot would be "not less" than A$1.65, but that ACS reserved the right to offer a share and cash or a straight share swap alternative with a value equal to or greater than the cash offer. No sales were booked in Mascot shares after the announcement, but buyers were offering A$1.66.

The directors of Mascot speak for between 30 and 35 per cent of the capital. If ACS were successful it would end up with a major shareholding in itself, which it would be required to dispose of under the Companies Act. It would normally have at least 12 months to sell.

In a further development Mascot yesterday obtained an interlocutory injunction preventing ACS from making a placement of its shares. ACS had intended to make a placement of less than 10 per cent of its shares to help finance the Mascot bid.

Bank of Tokyo

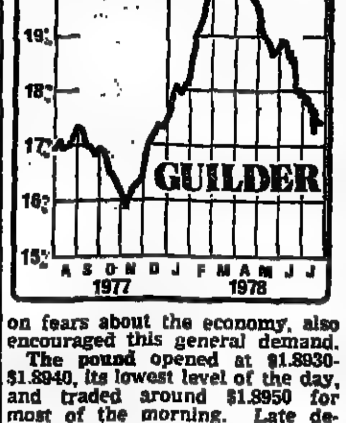
Consolidated net income of Bank of Toyko came to Y21.42bn (US$105.5m) for the year ended March 31. The bank is announcing consolidated results for the first time. Earnings per share were Y13.39, Reuter reports from Tokyo.

Currency, Money and Gold Markets

Pound & Swiss franc firm

Sterling and the Swiss franc were in demand in the foreign exchange market yesterday, while the U.S. dollar remained weak against major currencies in general.

The latest UK money supply figures were slightly disappointing as far as the market was concerned, but continued to indicate a slow down in monetary growth. This coupled with indications of a firm stand by the Government on wages, and recent good inflation figures, helped the pound. Tight conditions in the London money market and a requirement of banks to correct an early preference to go short of sterling



on fears about the economy, also encouraged this general demand.

The pound opened at $1.8930-$1.8940, its lowest level of the day, and traded around $1.8950 for most of the morning. Late demand for sterling was particularly evident in New York, and the pound finished at its high point of the day of $1.9035-1.9045, a rise of 90 points from Wednesday, and the highest closing level since March 17.

Sterling's trade-weighted index, based on the Washington currency agreement of 1971, rose to 62.5 from 62.2, the best level since March 29, and stood at 62.3 at noon and in early trading.

A rise in interest rates by the major Swiss banks may have contributed to the firmness of the Swiss franc, which finished at SwFr 1.8040, against the dollar.

U.S. money supply figures were still awaited when European markets closed, and with no new factors to influence the dollar, trading volume was not exceptional, but the U.S. currency finished around its lowest level of the day.

It closed at DM 2.0580 against the D-mark, compared with DM 2.0595 on Wednesday, and at Y201.50 in terms of the Japanese yen, against Y201.70 previously. The French franc was firm, finishing at FFr 4.4425 against the dollar, compared with FFr 4.4565 on Wednesday.

The dollar's depreciation, on Morgan Guaranty figures, fell to 7.9 per cent from 7.8 per cent.

ZURICH — Recent intervention by the U.S. Federal Reserve to support the dollar was suspected in the market, although only on a small scale. In early trading the U.S. currency eased against major currencies, but business was described as slow. News that the big three Swiss banks and Swiss Volksbank have raised their deposit rates helped to push the Swiss franc even higher. By mid-morning the dollar had declined to SwFr 1.8145, from an early rate of around SwFr 1.8155, and fell sharply to SwFr 1.8030 near the close.

FRANKFURT — Trading remained quiet, with the dollar easing to DM2.0590 in terms of the D-mark, from a fixing level of DM2.0616. The Bundesbank did not intervene at the fixing, which was little changed from Wednesday's level of DM2.0615. Demand for the Swiss franc tended to depress the dollar in late trading, and the Swiss currency also improved against the D-mark, rising to DM1.1419 from a fixing point of DM1.1370. The Bundesbank trade-weighted revaluation index of the D-mark fell to 145.2 from 145.3, up 0.5 per cent from the end of 1977.

PARIS — The French franc gained ground against most currencies, including the dollar. At the close of trading the dollar had fallen to FFr 4.44, from an opening level of FFr 4.4575, and Wednesday's close of FFr 4.4587½.

TOKYO—The dollar opened at Y201.60 against the yen, its lowest point of the day, but then improved on forward buying by importers. It touched a best level of Y202.15, before closing at Y202.02½, compared with Y201.95 on Wednesday.

THE POUND SPOT

July 20	Bank rate %	Day's Spread	Close
U.S. $	7½	1.8930-1.9045	1.9035-1.9045
Canadian $	8½	2.1270-2.1405	2.1390-2.1400
Guilder	4	4.20½-4.24½	4.22½-4.23½
Belgian Fr.	6½	61.40-61.85	61.75-61.85
Danish Kr.	8	10.60-10.67	10.65½-10.66½
D-Mark	3	3.89-3.95	3.91½-3.92½
Port. Esc.	18	86.15-87.25	86.70-87.20
Span. Pes.	8	146.60-147.80	147.70-147.80
Lira	11½	1,600-1,612	1,610-1,611
Nrwgn. Kr.	7	10.22½-10.30½	10.29½-10.30½
French Fr.	9½	8.42½-8.46½	8.45-8.46
Swedish Kr.	7	8.50-8.57	8.55½-8.56½
Yen	3½	380-390	383-385
Austria Sch	4½	28.05-28.55	28.25-28.35
Swiss Fr.	1	3.42½-3.45½	3.43½-3.44½

Belgian rate is for convertible francs. Financial franc 62.35-62.55.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.60-0.50c pm	3.47	1.40-1.30c pm	2.84
Canadian $	0.70-0.60c pm	3.65	1.60-1.50c pm	2.90
Guilder	2⅝-1⅝ c pm	6.38	6½-5½ c pm	5.67
Belgian Fr.	30-20 c pm	4.85	80-70c pm	4.52
Danish Kr.	1¼ore pm-3 dis	-1.13	4½-6½ ore dis	-2.16
D-Mark	3-2 pf pm	7.65	7⅝-6⅝ pf pm	7.52
Port. Esc.	35-135 c dis	-11.74	165-405c dis	-11.75
Span. Pes.	par-100 c dis	-4.06	50-150 c dis	-2.70
Lira	par-2 lire dis	-0.72	1-4 lire dis	-0.55
Nrwgn. Kr.	2½-3½ ore pm	-1.45	[illegible]	-1.57
French Fr.	1½-½ c pm	1.80	3½-2½ c pm	1.52
Swedish Kr.	2ore pm-par	1.58	4½-2½ ore pm	1.73
Yen	3.00-2.70 y pm	8.?0	8.40-7.80 y pm	8.44
Austria Sch	17-7 gro pm	5.09	40-32 gro pm	5.25
Swiss Fr.	3-2 c pm	8.40	8⅛-7⅛ c pm	8.69

Six-month forward dollar 2.45-2.35c pm. 12 month 4.55-4.75c pm.

THE DOLLAR-SPOT

July 20	Day's spread	Close
Canad'n $*	88.95-89.00	88.95-88.98
Guilder	2.2252-2.2270	2.2252-2.2257
Belgian Fr	32.40-32.50	32.48½-32.50
Danish Kr	5.6080-5.6120	5.6080-5.6100
D-Mark	2.0595-2.0620	2.0610-2.0620
Port. Es	—	45.57-45.77
Lira	846.25-846.80	846.60-846.80
Nrwgn. Kr	5.4110-5.4175	5.4155-5.4175
French Fr	4.4460-4.4575	4.4560-4.4575
Swedish Kr	4.5450-4.5510	4.5460-4.5480
Yen	201.80-202.10	201.80-201.95
Austria Sch	—	14.85-14.853
Swiss Fr	1.8133-1.8170	1.8133-1.8143

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
Canad'n $	Par-0.02c pm	0.13	0.02-0.05c pm	0.15
Guilder	0.66-0.61c pm	3.26	1.72-1.67c pm	2.93
Belgian Fr	8½-7½c pm	3.08	22-20½c pm	2.66
Danish Kr	—		—	
D-Mark	0.83-0.78pf pm	4.54	2.48-2.43pf pm	4.86
Port. Es	—		—	
Lira	2.40-2.80 lire dis	-3.67	7.25-8.00 lire dis	-3.45
Nrwgn. Kr	—		—	
French Fr	0.27-0.37c dis	-0.91	1.15-1.35c dis	-1.14
Swedish Kr	—		—	
Yen	1.00-0.90y pm	5.46	2.85-2.75c pm	5.47
Austria Sch	—		—	
Swiss Fr	0.89-0.84c pm	5.63	2.87-2.82c pm	6.37

CURRENCY RATES

July 20	Special Drawing Rights	European Unit of Account
Sterling	0.657932	0.662414
U.S. dollar	1.24665	1.25483
Canadian dollar	1.40099	1.41034
Austrian schilling	18.5190	18.6403
Belgian franc	40.5099	40.7757
Danish krone	6.99398	7.04267
Deutsche Mark	2.57009	2.58762
Guilder	2.77380	2.79166
French franc	5.54635	5.58301
Lira	1055.60	1062.57
Yen	251.512	253.423
Norwegian krone	6.75186	6.79596
Peseta	96.7662	97.3924
Swedish krona	5.66627	5.70290
Swiss franc	2.26180	2.27806

CURRENCY MOVEMENTS

July 20	Bank of England Index	Morgan Guaranty changes %
Sterling	62.43	-40.5
U.S. dollar	86.43	-7.9
Canadian dollar	84.61	-13.0
Austrian schilling	139.53	+19.2
Belgian franc	129.70	+11.2
Danish krone	114.27	-5.3
Deutsche Mark	140.36	+35.5
Swiss franc	184.89	+79.9
Guilder	119.65	+17.4
French franc	100.25	-3.2
Lira	56.41	-56.2
Yen	146.45	+43.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 20	£	$		£ Note Rate
Argentina Peso	1,511-1,515	793.59-795.69	Austria	27½-28½
Australia Dollar	1.6505-1.6605	0.8725-0.8734	Belgium	61½-63
Finland Markka	7.975-7.985	4.2030-4.2050	Denmark	10.55-10.70
Brazil Cruzeiro	33.61-34.61	17.65-18.18	France	8.35-8.50
Greece Drachma	68.512-70.200	35.98-36.87	Germany	3.85-3.95
Hong Kong Dollar	8.8375-8.8600	4.6560-4.6580	Italy	1580-1610
Iran Rial	130-136	68.28-71.42	Japan	380-390
Kuwait Dinar (KD)	0.512-0.522	0.2689-0.2742	Netherland	4.10-4.25
Luxembourg Franc	61.75-61.85	32.44-32.46	Norway	10.15-10.30
Malaysia Dollar	4.4600-4.4925	2.3615-2.3635	Portugal	81-87
New Zealand Dollar	1.8212-1.8312	0.9582-0.9645	Spain	1,435-1,465
Saudi Arabia Riyal	6.44-6.64	3.38-3.43	Switzerland	3.35-3.50
Singapore Dollar	4.37-4.3825	2.3030-2.3040	United States	1.88-89½
South African Rand	1.6372-1.6542	0.8599-0.8688	Yugoslavia	34-36

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 20	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.904	3.920	384.0	8.456	3.458	4.233	1611.	2.140	61.80
U.S. Dollar	0.525	1.	2.059	201.7	4.441	1.805	2.223	846.9	1.124	32.46
Deutsche Mark	0.255	0.486	1.	97.96	2.157	0.877	1.080	410.8	0.546	15.77
Japanese Yen 1,000	2.604	4.958	10.21	1000.	22.02	8.952	11.02	4194	5.572	160.9
French Franc 10	1.183	2.252	4.636	454.2	10.	4.066	5.006	1905	2.530	73.09
Swiss Franc	0.291	0.554	1.140	111.7	2.460	1.	1.231	468.5	0.622	17.98
Dutch Guilder	0.236	0.450	0.926	90.73	1.998	0.812	1.	380.5	0.505	14.60
Italian Lira 1,000	0.621	1.182	2.434	238.4	5.250	2.134	2.628	1000.	1.328	38.37
Canadian Dollar	0.467	0.890	1.832	179.5	3.952	1.607	1.978	752.7	1.	28.89
Belgian Franc 100	1.618	3.081	6.343	621.4	13.68	5.562	[illegible]	2606	3.462	100.

EURO-CURRENCY INTEREST RATES*

July 20	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	N.A.	7¼-8¼	7⅝-8	4⅛-4⅜	2-2¼	3⅜-3⅝	7⅝-7⅞	7½-11½	—	—
7 days notice	N.A.	7¼-8¼	7⅞-8⅛	4⅛-4⅜	4-4¼	3⅜-3⅝	7⅝-7⅞	12-13	7½-8⅛	2⅛-2⅞
Month	11⅞-12	7½-8⅛	8-8¼	4⅝-5	2¼-2⅜	[illegible]	8⅞-9⅛	11¼-12¼	8⅛-8¼	2½-2⅞
Three month	11⅝-11⅞	8⅛-8⅜	8⅜-8⅝	5⅛-5½	2⅛-2⅜	[illegible]	9⅜-9⅞	11½-12½	8⅝-8⅞	[illegible]
Six months	12⅛-12½	8⅝-9	[illegible]	6-6¼	[illegible]	3⅞-4	10⅛-10⅝	12¼-13¼	9-9⅛	3⅜-3⅝
One year	12⅜-12¾	[illegible]	[illegible]	6⅜-6⅝	[illegible]	4⅛-4⅜	10⅞-11⅛	13½-14½	9⅛-9¼	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.35-8.45 per cent; six months 8.80-8.90 per cent; one year 8.95-9.05 per cent.

Long-term Eurodollar deposits: two years 9¼-9½ per cent; three years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; four years 9½-9⅝ per cent; five years 9½-9⅝ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Sweden cuts discount rate

The Swedish Central Bank has cut its discount rate from 7 per cent to 6½ per cent. The new rate is effective as from today and represents the third adjustment this year. In January the rate stood at 8 per cent. The move is seen as a response to the recent steady performance of the Swedish kronor and a generally improved trading position. At the same time the Bank has lowered by ½ per cent the rate on capital market long-term interest.

ZURICH—The big three Swiss banks, Swiss Corp., Union Bank of Switzerland and Credit Suisse, as well as Swiss Volksbank, have raised their interest rates on fixed deposits by ½ per cent. Deposit rates for three-five months now stand at 1½ per cent with the same rate for 6-11 months. One-year deposits are raised to 1½ per cent.

NEW YORK—13-week Treasury bills were quoted at 7.02 per cent down from 7.06 per cent yesterday while 26-week bills were unchanged at 7.46 per cent. One-year bills were firmer at 7.84 per cent compared with 7.79 per cent previously. Fed funds were trading at 7⅞ per cent ahead of U.S. money supply figures and should market predictions of a sharp drop prove founded, this should take some upward pressure off interest rates for the short term at least.

FRANKFURT — Call money was unchanged at 3.5 per cent while longer term rates were firmer throughout with one-month money at 3.65 per cent compared with 3.6 per cent and three-month at 3.75 per cent from 3.7 per cent. One year rates were also up at 4.15 per cent against 4.05 per cent.

PARIS—Day-to-day money was steady at 7⅜ per cent while the one and three month rates were unchanged at 7⅜-7½ per cent and 7⁹⁄₁₆-7¹¹⁄₁₆ per cent respectively. Six-month funds stayed at 8½ per cent but one year rates were slightly easier at 8¹¹⁄₁₆-8¹³⁄₁₆ per cent from 8¾-8⅞ per cent previously.

AMSTERDAM—Interbank money rates were quoted at 4⅜-4⅝ per cent for call money against 4½-4¾ per cent previously while longer term rates were unchanged.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were unchanged for one-month at 5⅞-5⅞ per cent while three-month rose to 6⅛-6⁵⁄₁₆ per cent from 6-6¼ per cent. The six-month rate was quoted at 6⅞-6⅞ per cent and 7⅛-7⅛ per cent for 12-month. Call money was quoted at 3.25 per cent compared with 3.10 per cent on Wednesday.

HONGKONG—Conditions in the money market were tight with overnight money at 4¾ per cent and call money at 5½ per cent.

GOLD

Firmer trend

Activity in the London bullion market was only moderate, but still significantly better than in recent days. Gold rose $3¾ to $188¾-189¼, and although there was reasonable buying interest the rise was mainly because of the weakness of the dollar. The metal opened at $187¼-188, and was fixed at $187.40 in the morning and $188.40 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 27,050 per kilo ($189.10 per ounce) in the afternoon, compared with FFr 27,000 ($188.45) in the morning, and FFr 26,850 ($187.10) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,430 per kilo ($187.40 per ounce), compared with DM 12,300 ($185.58) previously.

GOLD

	July 20	July 19
Gold Bullion (a fine ounce)		
Close	$188¾-189¼	$186¾-188¼
Opening	$187¼-188	$185¾-186¼
Morning fixing	$187.40 (£98.681)	$185.75 (£98.374)
Afternoon fixing	$188.40 (£99.362)	$185.70 (£98.255)
Gold Coins domestically		
Krugerrand	$195¾-197¾ (£102¾-103¾)	$194-196 (£102¼-103¼)
New Sovereigns	$56-58 (£29½-30½)	[illegible]
Old Sovereigns	$55-57 (£29-30)	$55½-57½ (£29¼-30¼)
Gold Coins internationally		
Krugerrand	$194½-196½ (£102-103)	$191-193 (£101-102)
New Sovereigns	$56-58 (£29½-30½)	$55½-57½ [illegible]
Old Sovereigns	$54-56 (£28½-29½)	$54½-56½ [illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	$140-145	$136¼-143¼
$5 Eagles	$100-105	$98½-103½

UK MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

The shortage of day to day funds showed no signs of abating in the London money market yesterday and the authorities were required to intervene on an exceptional scale, the third time this week. The Bank bought a moderate amount of Treasury bills, small numbers of corporation bills and a large amount of eligible bank bills. This was in addition to lending a large sum to 9 or 10 houses at MLR for repayment today. Part of the package of bills is for resale to th emarket at a fixed future date.

The market was faced with a net take up of Treasury bills and an excess of revenue transfers to the Exchequer over Government disbursements. There was also the repayment of extremely large official loans made on Tuesday and Wednesday's small advances. On the other hand banks brought forward balances well above target and there was a small fall in the note circulation.

Total assistance was overdone and discount houses were paying around 9 per cent for secured call loans at the close. Despite the surplus being carried over, today promises to be distinctly uncomfortable with little prospect at the moment of any easing in liquidity problems.

In the interbank market, overnight loans opened at 11¼-11½ per cent and with the shortage, climbed inexorably to 14-15 per cent. After a brief dip to 10½-11 per cent around noon, rates were back at 14-15 per cent before tailing away to finish around 4 per cent. The tight conditions filtered through to the longer periods with the six-month rate finishing at 10½-10⅝ per cent and one year at 10⅞-10¹⁵⁄₁₆ per cent. There was again a marked disparity in various quotations for Treasury bills ahead of today's official tender.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 20 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	4-15	—	—	—	10-11	9-10	—	—	—
2 days notice	—	—	10¾-11	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11¼	—	—	—	—
7 days notice	—	10⅞-11¼	10¾-11	—	11⅛-11⅜	—	9⅞-10	—	—	—
One month	10⅞-10⅝	10⅝-11	10¼-10⅝	10⅛-10	10¾-11⅜	10⅞	9¾	[illegible]	10⅛-10¼	10½
Two months	10½-10⅝	10⅝-10¾	—	10⅛-9⅝	10½-11⅛	—	9⅝	[illegible]	10	10½
Three months	[illegible]	[illegible]	10	[illegible]	10⅝-11⅛	10¾	[illegible]	[illegible]	10	10⅝
Six months	[illegible]	[illegible]	10⅛-10¼	[illegible]	10½-11⅛	—	—	—	[illegible]	10¾
Nine months	[illegible]	[illegible]	—	10¼-9¾	11⅛	—	—	—	—	—
One year	10½-10⅝	[illegible]	10¼-10½	10¼-9⅞	11⅛	—	—	—	—	—
Two years	—	—	11-11⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 12-12½ per cent; five years 12¼-12½ per cent. ϕ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9¹⁵⁄₃₂-10 per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9⁹⁄₁₆-9⁵⁄₃₂ per cent; two-month 9½ per cent; and three-month 9⁵⁄₁₆-9⁷⁄₃₂ per cent. Approximate selling rate for one-month bank bills 9¼ per cent; and two-month 9¹⁵⁄₁₆-9¼ per cent; and three-month 9²⁷⁄₃₂-9¼ per cent. One-month trade bills 10½ per cent; two-month 10½ per cent; and also three-month 10½ per cent.

Finance House Base Rates (published by the Finance Houses Association): 10 per cent from July 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.2446 per cent.

MONEY RATES

NEW YORK

Prime rate	9
Fed Funds	7.875
Treasury Bills (13-week)	7.02
Treasury Bills (26-week)	7.46

GERMANY

Discount Rate	3
Overnight	3.5
One month	3.65
Three months	3.75
Six months	4.15

FRANCE

Discount Rate	9.5
Overnight	7.375
One month	7.4375
Three months	7.625
Six months	8.125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.5
Bills Discount Rate	4.875

The Property Market

BY CHRISTINE MOIR

Property company's debut

SINCE TUESDAY, when the shares of a small public investment vehicle, Rosehaugh, were relisted, a number of fast, if rough and ready calculations have been carried out in certain corners of the City.

The shares were suspended in May at 164p having risen steadily from a 1977 low of 18p. On restoration they hit 192p before settling back at 185p.

The question today is what level of assets supports this price, now that Rosehaugh has emerged from its chrysalis as a fully fledged property trader and developer.

The key to the company is its various stakes in three other companies (in two of which Bernard Sunley has a similar-sized holding) where major property deals have been either completed or are well advanced.

The completed deal has been done by a company called Sunbourne which bought Maple House in Tottenham Court Road for £11½m, completed the lettings in it and then sold it to the British Steel Corporation's pension fund for £15m or so.

Allowing for finance costs and taxation at full corporation tax rate, the net profit could work out at about 25p a share for Rosehaugh, which owns 26.3 per cent of Sunbourne (its equity stake, by the way, cost £850).

Worth considerably more, however, is Rosehaugh's 20 per cent of a company called Tannergate which was the buyer of Legal and General's residential/shops/office portfolio for £15½m early in 1977.

Following that deal Tannergate had what were described as "substantial borrowings." Now those have been reduced to £3m through sales of "significant portions of the portfolio." Yet, according to a recent valuation by Montagu Evans and Keith Cardale Groves, the remaining portfolio (of which 89 per cent is offices and shops) is worth £13.7m. *This is said to be an* £8m surplus over book cost.

Rosehaugh's shareholders are told that the book value of their share of Tannergate's net assets is £300,000 but the true underlying value—given that considerable amounts have been spent on improving leases and buying in complementary interests—must be well in excess of 100p a share net of borrowings and other costs.

Thirdly, yet another company, Tonnerlon, in which Rosehaugh has a 30 per cent stake, is half way through building a 160,000 sq ft industrial estate in Croydon, in partnership with Robert Fleming. Lettings are apparently going well at more than £2.20.

Excluding construction costs and the £1½m spent on land, and allotting an 8 per cent yield, Rosehaugh's share of the net value of this development on completion could be around 25p.

In addition, in its own right as an investment vehicle Rosehaugh has a further 30p of assets.

The shares are obviously worth watching, particularly with further deals being actively sought. However, the market is narrow. Mr. Godfrey Bradman, *who owns the London Mercantile* private banking and property group, has just under 50 per cent.

'Herd instinct'

A firm warning that the weight of institutional money chasing a narrow range of prime properties is driving yields down to levels "that are not sub*stantiated by potential for rental* growth," was issued this week by Richard Ellis.

In its annual Property Investment Report the firm castigates institutional investors for their "herd instinct" and wags a finger at property developers too many of whom are climbing on the "band wagon" of industrial development.

The first group, says Ellis, should broaden their vision and realise that a "prime investment property" (that is one which performs to the highest expectations) need not be restricted to the category of "prime properties" (those which fulfil all the adjectives normally *associated with the definition of* prime).

There comes a time, the firm points out, when a shop in Rotherham, bought on a 6 per cent yield with rental growth of 7 per cent, is the equal of a "prime" shop in Guildford showing a 9 per cent per annum rental growth but available only on a 4 per cent yield.

In fact Richard Ellis is only pointing out what a small number of unit trusts, property bonds and insurance companies have always claimed—that one can find real bargains if one is only prepared to look closely at deals which do not fall immediately into the at-a-glance-absolutely-triple-A category.

What the firm does offer is the background of its own research which provides a real statistical base against which an investor can assess the downside risk on such properties.

As far as industrial developers are concerned, Richard Ellis is worried that they are buying building land at inflated prices at a time when a stale bull market may be developing for completed industrial investments.

The firm notes that the yield gap between industrials and offices has narrowed to an all-time low of 1½ per cent. It anticipates "a reduction in the popularity of warehouses and industrial property" over the next 12 months, not only because yields are so low that any movement in interest rates could cause a draught, but also because of the weight of supply as new developments tumble onto the market.

The report is not just a collection of warnings, however. Richard Ellis believes agricultural investment is still a "good thing"; that the City of London will show steady rental growth; and that suburban and *provincial offices could provide* selective bargains as rents move off their low plateaux.

Funder wanted

London Transport's £50m redevelopment scheme *for its* island site on Hammersmith Broadway was recommended this week by the Borough Council and will now go forward for approval to the GLC early in October.

Officially, the application *is* only for outline planning permission but LT has been working in close consultation with the GLC and the council over the plans for over five years, so it is likely that only minor amendments will be called for before detailed permission is obtained.

That means that construction could start by the middle of next year with completion scheduled for 1983/4.

The question that is now posed is how London Transport will fund the deal. Apparently, it has already said that its own pension fund will not be involved. So who will? It is a big project.

The basic element is a new bus garage for LT plus modernisation of the concourses for the Piccadilly and District Line Undergrounds. On top of that—at an elevated level—will be a four-acre open space (grassed and landscaped *and with leisure* use) ringed by shops, pubs and a restaurant.

Above that again will be 600,000 square feet of offices which, it is hoped, will pay for the rest.

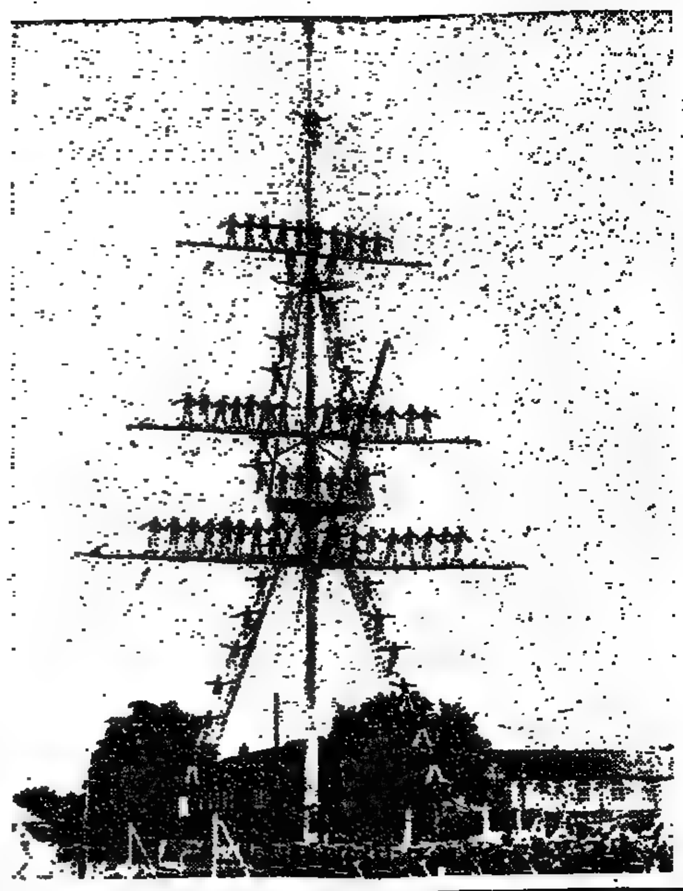
Hammersmith, and particularly LT's own site, looks a prime location on paper. It is smack on the Heathrow route and in the centre of what is fast developing into the Croydon of West London.

Despite the continuing pressure from local protest groups the office element is not likely to be whittled away and the amount of "planning gain" already conceded in the form of community facilities on the site (albeit not easily accessible because they are above the podium) should guarantee its passage through the GLC.

Nevertheless, the size of the scheme poses its own special problems. Quite simply there are not too many institutions who could provide the "take out" funds for such a project, let alone get involved at the development stage when a pre-let is ruled out by the sheer scale.

Furthermore, a number of property men believe that of those which do have the financial muscle, most are already committed over the crucial period.

A consortium might be an answer but these have never really found favour. In the meantime, London Transport says only that it has not yet *begun to assess this hurdle—if* it proves one.



HMS Ganges, the Royal Navy's Suffolk Training Establishment is for sale, thereby ending a 1,000 year naval tradition. (Apparently, Alfred the Great defeated some Danes just offshore.)

Strutt and Parker is handling the sale for the Property Services Agency and has set a tender date for December 8. For all the firm's experience in handling unusual properties (recent instructions have included Mentmore and Battle Abbey in Hastings) this one could be a headache.

HMS Ganges is a small town on a 150-acre site, part of which is offshore. Situated on the confluence of the rivers Stour and Orwell it has accommodation and educational facilities for 2,000 students. In addition there are no fewer than three gymnasia and churches, playing fields, athletic track, swimming pool and hospital, plus a parade of shops.

Strutt and Parker say that it would cost £15m to rebuild at today's price but the actual price it will fetch at tender is anyone's guess. The local authorities will only give permission for a single user so the agency is looking for interest from companies needing training facilities, youth organisations or holiday camps.

Farm prices

CONSIDERABLE publicity *surrounded the news this week that* Equity and Law Life has spent £5½m on two grade two farms in Lincolnshire—a price representing around £1,550 an acre. However Knight Frank and Rutley's agricultural department says that this figure has been easily *topped* over the past three months even for grade three land.

At the same time, Mr. Peter Caroe of KFR believes that the investment market for agricultural land may be softening. Prices have got just too high. KFR looks for a return on capital (including working capital) on vacant land of around 4 per cent. Today, yields have come down to around 3 per cent, he says.

Some of the deals with which KFR has been associated since May have included two estates of just under 500 acres apiece, one in Suffolk and the other in Essex. Both sold for prices representing £1,800 an acre. Another couple, both in Hertfordshire, fetched over £1,600 an acre for estates of 700 acres and 900 acres respectively.

Interestingly, in each of these cases the purchaser was an individual, not an institution.

● *John Brennan is on holiday*

INDUSTRIAL AND BUSINESS PROPERTY

INSIDER DEALS BANNED, TIGHT RULES ON DIRECTORS' LOANS

Government White Paper on companies proposes major changes in law

BY ARNOLD KRANSDORFF

The Government yesterday published its proposals for the reform of company law. In a White Paper, major changes are proposed which include a ban on insider trading, tighter rules on loans by a company to any of its directors and, for the first time, a list specifying directors duties.

IN THE White Paper, Changes in Company Law, Mr. Edmund Dell, Secretary of State for Trade, states that the Government has decided to publish its detailed proposals in the form of draft clauses of a Parliamentary Bill in order to allow a longer period for public consideration than was normally permitted by the Parliamentary timetable.

The proposals would have been introduced to the House in the form of a Bill had there been sufficient time during the current session.

Some of the proposals, such as those dealing with insider trading and loans to directors, were put forward last year in an earlier White Paper—The Conduct of Company Directors. Other major reforms are based on measures contained in the EEC Second Directive on Company Law adopted by the Council of Ministers in 1976.

The White Paper says that the Government attaches particular importance to full consultation because of the complex technical nature of some of the provisions. Calling for comments to be sent to the Department of Trade, the White Paper says: "The Government hopes that publication will give those affected by the proposed changes a better chance to assess the implications when it is introduced in Parliament."

Among the new measures proposed is a requirement that directors should take account of their employees' interests as well as those of their shareholders, and new rules about the extent to which companies can distribute dividends. Also, there are provisions which update and rationalise penalties for offences under the Companies Acts, and the modes of trial—many of the penalties have remained unchanged since 1862.

Duties

A major section of the proposed new legislation concerns the activities of company directors. It includes a statement of the general trustee duties of directors in statute. Breach of these duties could result in a director having to compensate the company for any loss or damage resulting from his action.

The proposed legislation also includes a statement of the degree of care, diligence and skill to be expected of directors. A measure to benefit employees is the proposed power for a company to make provision for employees or former employees of the company or its subsidiaries in a business closure.

Minority shareholders, too, would be given additional protection—they would be able to petition the Court for relief on the grounds that the affairs of the company were being conducted in a manner unfairly prejudicial to their interests.

The tighter rules on company loans would make it a criminal offence for loans to be made by public companies and certain private companies associated with them to the company's directors, their immediate families and companies with which they were connected. However, there would be some exceptions where, for example, money was lent to cover necessary business expenses or where the company's ordinary business included the lending of money, and the loans in question met certain specified conditions.

EEC aspect

All companies would be required to make greater disclosure in their accounts of loans to their directors. The new legislation would require contracts of service between a director and his company for periods longer than five years to be approved by the shareholders in a general meeting.

Similar restrictions would be placed on major property transactions between directors and their companies and when such transactions took place companies would be required to disclose details of them in their accounts. Greater disclosure would also be required of all substantial transactions where the directors had a material interest in them.

A group of provisions is proposed to bring certain aspects of British law into line with the European Economic Community's Second Directive on Company Law.

This directive, which was adopted in December, 1976, deals with the formation of public companies and the subscription, maintenance and reduction of their capital.

Since then, the Department of Trade has consulted interested parties on implementing the directive, and comments received have been taken into account in preparing the draft clause in the White Paper.

A notable feature of the proposals is the introduction of a new definition for public companies. In place of the suffix "Limited" or "Ltd.," the designation "Public Limited Company" or "PLC" would be adopted. A Welsh language equivalent would also be permitted. There would be penalties for misuse of the designation.

The White Paper also includes an important revision of the rules governing the distribution of profits as dividends by companies. In addition to implementing the provisions of the EEC, Second Directive the revision gives effect to certain requirements of the recently adopted Fourth Directive which prevent the distribution of unrealised profit.

Under the proposed rules, all companies, whether public or private would not be permitted to make a distribution except out of profits (including past retained profits) available for the purpose. Determining the amount available for distribution would be subject to detailed provisions contained in the draft legislation, which also restricts the purposes for which an unrealised profit could be applied.

Additionally, a public company would be permitted to make a distribution only when its net assets were not less than the aggregate of its called-up share capital and undistributable reserves. Moreover, this would depend on the distribution not reducing the company's net assets to an amount lower than the aggregate.

Separate rules would be applied to investment companies.

Registry

The White Paper foreshadows legislation intended to enable the Registry of Business Names to become financially self-supporting. This follows consultations with users of the Registry on whether to abolish the Registry on manpower saving grounds.

Under the proposed legislation the Secretary of State for Trade would be able to prescribe fees for the registration of a business name and also for inspection of documents filed at the Registry.

Some of the most important clauses are numbers 57-62 setting out the Government's much-discussed proposals to outlaw insider dealings, the use by people in the know of confidential information to make personal profits through Stock Exchange and other dealings.

The proposed legislation would outlaw insider dealing with the backing of criminal and civil sanctions, though different approaches are proposed for different circumstances.

When dealings in company securities on an organised market like the Stock Exchange are concerned, a person connected with a company (including directors, employees and certain professional advisers) is to be prohibited from dealing in those securities if he possesses inside information.

This is defined as information which is not generally available but which, if it were, would be likely materially to affect the price of those securities.

There are also prohibitions against such a person procuring others to deal or passing the inside information to someone who will deal on the basis of it. Also "tippees," those who receive inside information which they know has come, directly or indirectly, from a person connected with the company, will be prohibited from dealing on an organised market. A number of detailed defences are, however, proposed.

Similar provisions are included for Crown Servants who receive price sensitive information in their official capacity.

Where dealings not on an organised market are concerned, a person connected with a company will be required to disclose to the other party the fact that he is so connected.

Breach of any of these provisions would be a criminal offence, involving up to two years imprisonment and/or an unlimited fine. In the case of dealings not on an organised market, there would also be civil remedies available to the other party.

In order to probe suspected infringements, the Secretary of State for Trade would have power to appoint inspectors, as he does under existing law to examine the affairs of companies.

The proposed clauses 57-59 and 61-62 are as follows: Clause 60 deals with penalties, already mentioned.

57—(1) Subject to subsection (6) below, an individual who is, or at any time in the preceding six months has been, knowingly connected with a company shall not deal on a recognised stock exchange in any securities of that company if he has information which he knows—(a) is not generally available; and (b) would, if it were so available, be likely materially to affect the price of those securities.

Knowledge

(2) Subject to subsection (6) below, an individual who is, or at any time in the preceding six months has been, knowingly connected with a company shall not deal on a recognised stock exchange in any securities of any other company if he has information which he knows—(a) is not generally available; and (b) would, if it were so available, be likely materially to affect the price of those securities; and (c) relates to any transaction (actual or contemplated) involving both those companies, or involving one of them and securities of the other.

(3) Subject to subsection (6) below, an individual shall not, at any time when he is prohibited by subsection (1) or (2) above from dealing on a recognised stock exchange in any securities, procure any other person to deal on a recognised stock exchange in those securities.

(4) Subject to subsection (6) below, an individual shall not, at any time when he is prohibited as aforesaid from dealing on a recognised stock exchange in any securities by reason of his having any information, communicate that information to any other person if he knows that that other person will make use of the information for the purpose of dealing, or of procuring any other person to deal, on a recognised stock exchange in those securities.

(5) Subject to subsection (6) below, where any individual who is not connected with a particular company, or is so connected without knowing it, has information of such a nature that, if he were knowingly so connected, subsection (1) or (2) above would apply to him and he knowingly obtained the information (directly or indirectly) from an individual who was, or at any time in the preceding six months had been so connected, then the former individual—

(a) shall not himself deal on a recognised stock exchange in the securities of that company if he knows that the information would, if it were generally available, be likely materially to affect the price of those securities;

Profit

(b) shall not himself deal on a recognised stock exchange in the securities of any other company, if he knows that the information—(i) would, if it were generally available, be likely materially to affect the price of those securities: and (ii) relates to any transaction (actual or contemplated) involving that particular company and the other company or involving one of them and the securities of the other;

(c) shall not procure any other person to deal on a recognised stock exchange in the securities in which the former individual is prohibited from dealing by virtue of paragraphs (a) and (b) above; and

(d) shall not communicate the information to any other person if he knows that that other person will make use of the information for the purpose of dealing, or of procuring any person to deal, on a recognised stock exchange in the securities mentioned in paragraph (c) above.

(6) The provisions of this section shall not prohibit an individual by reason of his having any information from doing any particular thing if either— (a) he does that thing otherwise than with a view to the making of a profit or the avoidance of a loss (whether for himself or another) by the use of that information; or (b) that thing consists in his entering into a transaction in the course of the exercise in good faith of his functions as liquidator, receiver or trustee in bankruptcy.

58—(1) This subsection applies to an individual who has information which— (a) he knows is not generally available and would if it were so available, be likely materially to affect the price of any securities of a company (the relevant company); and (b) was obtained by him in his capacity as a person holding office under or employed by the Crown or was obtained by him (directly or indirectly) from a person who he knew had obtained that information in that capacity.

(2) An individual to whom subsection (1) above applies—(a) shall not deal on a recognised stock exchange in the securities of the relevant company; (b) shall not procure any other person to deal on a recognised stock exchange in those securities; and (c) shall not communicate that information to any other person if he knows that that other person will make use of that information for the purpose of dealing, or of procuring any person to deal, on a recognised stock exchange in those securities.

(3) Section 57(6) above shall apply to the provisions of this section as it applies to the provisions of that section.

59—(1) An individual who is, or at any time in the preceding six months has been, knowingly connected with a company shall not deal privately— (a) in any securities of that company; or

(b) where he knows that that company or its securities are involved in a transaction (actual or contemplated) with another company or that that company is involved in such a transaction with the securities of another company, in the securities of the other company, unless he first discloses to the person with whom he proposes to deal the fact that he is a person to whom this subsection applies.

(2) A person shall not be guilty of an offence under section 60 below by reason of a failure in contravention of subsection (1) above to disclose any fact if he shows— (a) that he knew that that fact was already known to the person to whom he would otherwise have disclosed it; or (b) that he took all reasonable steps to ensure that that fact was disclosed.

(3) In this section "deal privately" means deal otherwise than on a recognised stock exchange.

61.—(1) Where an individual (the dealer) deals in securities in contravention of section 59(1) above, the person with whom he deals shall, if at the time of the transaction he does not know the fact that should have been disclosed to him, be entitled to the same rights as to the rescission of the transaction as he would have had, if he had entered into that transaction in reliance on a fraudulent misrepresentation made by the dealer; and those rights shall be subject to the same obligations and incidents as they would in such a case.

Securities

(2) Where a person is entitled under this section, or would apart from any rule of law preventing rescission from being available in particular circumstances be so entitled, to rescind a transaction relating to securities, he may, instead of rescinding it, recover from the dealer compensation for any loss sustained by him by reason of any difference between the price at which the securities were dealt in and the price which he and the dealer might have been expected to agree if any information available to the dealer and likely materially to affect their price had been available to that person.

(3) This section shall not be taken to deprive any person of any remedy for misrepresentation or breach of contract available to him under the law in force apart from this section.

62.—(1) If it appears to the Secretary of State that there are circumstances suggesting that there may have been a contravention of section 57 or 58 above, he may appoint one or more competent inspectors to carry out such investigations as are requisite to establish whether or not any such contravention has occurred and to report the results of their investigations to him.

(2) The appointment under this section of an inspector may limit the period to which his investigation is to extend or confine it to particular matters.

(3) If the inspectors consider that a person to whom this subsection applies is or may be able to give information concerning any matter relevant for establishing whether or not any suspected contravention of section 57 or 58 above in relation to securities of any company has occurred, they may require that person—(a) to produce to them any books or documents in his able to give; and it shall be the custody or power relating to the company or its securities; (b) to attend before them; and (c) otherwise to give them all assistance in connection with the investigation that he is reasonably duty of that person to comply with that requirement.

(4) Subsection (3) above applies to any person who—(a) is connected with the company in relation to whose securities the contravention is suspected to have occurred or was connected with it at the time of the suspected contravention or at any time during the preceding six months; or the inspectors may certify the refusal under their hand to the court, and the court may thereupon inquire into the case, and, after hearing any witnesses who may be produced against or on behalf of the alleged offender and after hearing any statement which may be offered in defence, punish the offender in like manner as if he had been guilty of contempt of the court.

(7) Subsections (4), (5) and (6) of section 32 of the 1967 Act (interim and final reports of inspectors, printing and publication of reports, and saving for solicitors and bankers) and section 167(4) of the 1948 Act (examination of persons whom inspector has no power to examine on oath) shall apply in relation to an investigation under this section as they apply in relation to an investigation under the said section 32 or under sections 164 to 166 of the 1948 Act, as the case may be.

Directors

The part of the draft bill dealing with duties of directors and conflicts of interests begins with the proposed statutory description of a director's duty to his company. Clause 44-46 includes these provisions:

A director of a company shall observe the utmost good faith towards the company in any transaction with it or on its behalf and owes a duty to the company to act honestly in the exercise of the powers and the discharge of the duties of his office.

A director of a company shall not do anything or omit to do anything if the doing of that thing or the omission to do it, as the case may be, gives rise to a conflict, or might reasonably be expected to give rise to a conflict, between his private interests and the duties of his office.

Without prejudice to subsections (1) and (2) above, a director of a company or a person who has been a director of a company shall not, for the purpose of gaining, whether directly or indirectly, an advantage for himself—(a) make use of any money or other property of the company; or (b) make use of any relevant information or of a relevant opportunity—(i) if he does so while a director of the company in circumstances which give rise or might reasonably be expected to give rise to such a conflict: or (ii) if while a director of the company he had that use in contemplation in circumstances which gave rise or might reasonably have been expected to give rise to such a conflict.

In this section—"relevant information," in relation to a director of a company, means any information which he obtained while a director or other officer of the company and which it was reasonable to expect him to disclose to the company or not to disclose, to persons unconnected with the company.

Opportunity

"Relevant opportunity," in relation to a director of a company, means an opportunity which he had while a director or other officer of the company and which he had—(a) by virtue of his position as a director or other officer of the company; or (b) in circumstances in which it was reasonable to expect him to disclose the fact that he had that opportunity to the company.

If any person contravenes any of the foregoing provisions of this section he shall be liable to account to the company for any gain which he has made directly or indirectly from the contravention or, as the case may be, shall be liable to compensate the company for any loss or damage suffered directly or indirectly by the company in consequence of the contravention.

A person shall not be liable under the foregoing provisions of this section for any act or omission which is duly authorised or ratified.

This section has effect instead of any rule of law stating the fiduciary duties of directors of companies, but is without prejudice—(a) to any remedies which may be available apart from this section for a breach of any such duty; and (b) to any other provision of the Companies Acts imposing duties or liabilities on such directors or defining their duties or liabilities; and compliance with any requirement of those Acts shall not of itself be taken as relieving a director of a company of any liability imposed by this section.

In the exercise of the powers and the discharge of the duties of his office in circumstances of any description, a director of a company owes a duty to the company to exercise such care and diligence as could reasonably be expected of a reasonably prudent person in circumstances of that description and to exercise such skill as may reasonably be expected of a person of his knowledge and experience.

Subsection (1) above shall have effect instead of the rules of law stating the duties of care and diligence and of skill owed by a director of a company to the company.

The matters to which the directors of a company are to have regard in the performance of their functions shall include the interests of the company's employees generally as well as the interests of its members.

Where in any proceedings it falls to a court to determine whether a director of a company is in breach of his duty to have regard, in the performance of his functions, to the interests of the company's members, the court shall take into account the fact that the director is also required to comply with the duty imposed by this section.

Changes in Company Law—Her Majesty's Stationery Office. Price £2.35.

HOME NEWS

Short-term changes in building society rates 'unlikely'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

NO SHORT-TERM changes in building society interest rates are likely, according to the Woolwich Building Society.

The Woolwich—Britain's fifth largest society—says that, as yet, the higher interest rates introduced at the start of July have had no effect on net receipts. But it expects the situation to improve by September.

Mr. Alan Cumming, chief general manager of the Woolwich, said yesterday that in spite of the less-than-buoyant savings position, the Society had been able to maintain a high lending programme.

Record advances would be achieved this year, with more than £90m of loans in the pipeline and advances in the first six months reaching £238m against £154m in the same period 12 months before.

Announcing the results for January-June 1978, Mr Cumming said that assets of the Woolwich had just passed the £2bn mark, an increase of nearly 7 per cent over the six month period.

Receipts from investors in the first half had risen to £401m against £338m a year earlier, while withdrawals totalled £307m, against £224m, during the comparable period a year earlier.

Net receipts, at £94m, were down, compared with the £113m, recorded for the January-June period of 1977.

In line with other societies, the Woolwich said it was now lending more money on home *improvements and extensions* than ever before, with nearly £8m already committed in this way *for the first half of* 1978 compared with an overall 1977 total of £10m.

Open-cast mining plan 'threatens orchid species'

THREE SPECIES of orchid are present on a site from which the National Coal Board wants to excavate 238,000 tons of power station coal by open-cast mining, an inquiry was told yesterday.

Mr. Edwin Fenwick, an arboriculturist employed by the Wigan metropolitan leisure department, also told the third day of the Environment Department inquiry at Hindley, Lancs, into the Amberswood Common project that many insects, including the cillabar moth, wall butterfly and a large number of damsel flies and dragonflies abounded on the site.

It was a "green lung" between Ince and Hindley, with schools able to use the common for walks and biology studies.

If the area was allowed to remain undisturbed, it would develop "considerable aesthetic character."

In reply to the NCB claim that the operation would save 60 jobs that would disappear with the ending of the Albert Pit opencast site, Mr. Donald Wark, chief planning officer for Wigan metropolitan council, said it was unknown how many jobs would be lost if companies were dissuaded from moving to the area because of the impact of an opencast mine.

The result of the inquiry will be announced later.

HOME CONTRACTS

WHARTON WILLIAMS, Aberdeen, has been awarded a diving contract by BNOC to provide a specialised saturation diving system rated to 600 feet for installation on the Thistle Field Alpha platform in the North Sea. The contract also provides for the provision of diving personnel. Industry sources indicate that this open-ended contract is worth in excess of £1m.

★

SOLUS SCHALL has a contract from Shell UK Exploration and Production to carry out the 1978 underwater survey of production platforms in the Southern North Sea gas fields. A team of certificated inspector/divers will carry out a six-month programme of magnetic particle crack detection, cathodic protection potential measurements and closed-circuit television monitoring. It is believed the contract is worth around £200,000.

★

HENRY BALFOUR AND CO., Leven, Fife, has been awarded contracts worth £320,000 by the Beechams Group for equipment for the food and pharmaceutical divisions. The largest contract is for a vacuum band dryer (£240,000) for use in the manufacture of Horlicks. The remainder for the supply of Nucerite lined reactors and accessories for Beecham Pharmaceuticals, Worthing. Balfours has also won an export contract valued at £132,000 for glass and Nucerite lined reactors to Hindustan Insecticides.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

For further details please ring 01-248 8000 Extn. 266

LEGAL NOTICES

DISTRICT COURT OF THE PRINCIPALITY OF LIECHTENSTEIN

ADJUDICATION OF BANKRUPTCY EDICT

On application of the liquidator of the firm of Weissholding International S.A., Holding Aktiengesellschaft—in liquidation—DDr. Herbert Batliner, attorney-at-law, Vaduz, proceedings in bankruptcy were, by order of the District Court of the Principality of Liechtenstein, Bankruptcy Department, Vaduz of today's date, instituted on the assets of the firm of

WEISSHOLDING INTERNATIONAL S.A. HOLDING AKTIENGESELLSCHAFT
Vaduz.

DDr. Herbert Batliner, attorney-at-law, has been appointed as receiver.

All creditors of the firm of Weissholding International S.A. Holding Aktiengesellschaft, Vaduz are summoned to register their claim—advising the legal title and the category claimed (categories I-V) with the receiver, DDr. Herbert Batliner, attorney-at-law, Vaduz by 24th October, 1978 at the latest. Creditors who register their claims later must bear the additional costs thus caused and can no longer contest claims which have been examined earlier.

The court sitting for the general examination has been fixed for Tuesday, 28th November, 1978, 9 a.m., room 6 at the District Court of the Principality of Liechtenstein in Vaduz.

All creditors are summoned to bring the documents in substantiation of their claim with them, as far as these have not already been included with the registration of the claim.

All further publications in respect of these proceedings in bankruptcy will be made in the official Liechtenstein organs of publication.

As there is an extraordinary large number of creditors in connection with the present bankruptcy proceedings, no special delivery will be made to the creditors, as the essential contents of the document to be delivered will be notified in the official Liechtenstein organs of publication.

Decisions regarding the present proceedings in bankruptcy will be sent directly to those creditors who request it.

The consequences of delivery already come into effect when the public announcement is made (art. 1, para. 5 Bankruptcy Act).

DISTRICT COURT OF THE PRINCIPALITY OF LIECHTENSTEIN

Vaduz, 4.7.1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:

No. 002191 of 1978
BRIGGSON WAREHOUSES LIMITED
No. 002193 of 1978
CHARLTON BUILDING SUPPLIES LIMITED
No. 002193 of 1978
LONNINGHURST LIMITED
No. 002194 of 1978
REGENT FISH BAR & RESTAURANT LIMITED

and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-up of the above-named Companies by the High Court of Justice were, on the 10th day of July 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 9th day of October 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

[illegible]

COMPANY NOTICES

ANGLO AMERICAN CORPORATION GROUP
TRANSVAAL GOLD MINING COMPANIES

Interim Dividends—Financial years ending 31st December 1978

On July 20th, 1978 dividends were declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on August 4th, 1978.

The transfer registers and registers of members will be closed in each case from August 5th to August 18th, 1978, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about September 7th, 1978. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on August 29th, 1978 of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the office of the transfer secretaries in Johannesburg or in the United Kingdom on or before August 4th, 1978.

The effective rate of non-resident shareholders' tax for all the undermentioned companies is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of Company (each of which is incorporated in the Republic of South Africa)	Dividend No.	Rate of dividend per share
East Daggafontein Mines Limited	72	25 cents
Vaal Reefs Exploration and Mining Company Limited	44	100 cents
Western Deep Levels Limited	33	65 cents

EAST DAGGAFONTEIN MINES LIMITED

The Chairman's statement accompanying the 1977 annual report indicated that consideration would be given to the declaration of a dividend in mid-year. It is emphasised that the amount of the above interim dividend will bear no relation to the amount of the final dividend, if any.

THE SOUTH AFRICAN LAND AND EXPLORATION COMPANY LIMITED

In view of the continuing possibility of prolonged and costly prospecting operations, the directors of The South African Land and Exploration Company Limited have decided that no interim dividend will be paid by this company for the year ending December 31st 1978.

Dividends—Revision of Declaration and other dates.

In an announcement published in the Press on February 10th, 1978, copies of which were posted to all members, and in the 1977 annual reports of the companies it was stated that in future dividends would be declared by these companies when the actual operating results of the relevant accounting period were available rather than before the end of the period based on estimated results.

Accordingly, in respect of the abovementioned dividend declarations, the declaration, publication, record and payment dates are some five weeks later than has been the pattern in the past.

It is intended that this dividend pattern will be followed in the future.

By Order of the Boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per C. R. Bull, Divisional Secretary

Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford,
Kent TN 24 8EQ.

London Office:
40, Holborn Viaduct,
EC1P 1AJ.
Johannesburg.
21st July, 1978.

BEECHAM FINANCIERING B.V.

To holders of Beecham Financiering B.V.
US$ 6¾% Convertible Guaranteed Bonds 1992

NOTICE is hereby given that on and after September 15, 1978, Beecham Financiering B.V. US$ 6¾% Convertible Guaranteed Bonds may be converted into fully paid registered Ordinary shares of Beecham Group Limited at a price of 695p. per Ordinary share. Ordinary shares issued upon conversion will rank pari passu in all respects with Ordinary shares in issue on the conversion date except for dividends payable by reference to a record date occurring prior to such conversion date. For the purpose of calculating the number of shares to be issued in respect of each conversion an exchange rate of $1.7423 = £1 will be used. Conversion rights will continue until August 18, 1992.

Conversion rights attaching to any Bond may be exercised by the Bondholder delivering the Bond and all unmatured coupons appertaining thereto to either of the Conversion Agents offices below together with a notice of conversion in a form obtainable from the said Conversion Agents.

Principal Conversion Agent
Hill Samuel & Co. Limited
45 Beech Street
London EC2P 2LX

Conversion Agent
Banque Internationale à Luxembourg S.A.
2 Boulevard Royal
Luxembourg

EDWORKS (1936) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS
DECLARATION OF DIVIDENDS—DIVIDEND NO. 63

NOTICE IS HEREBY GIVEN that dividends have been declared on the Ordinary, "A" Ordinary and 6 per cent and 7 per cent Cumulative Preference shares of this Company as follows:—

[illegible]

BANQUE NATIONALE DE PARIS

Floating rate note issue of
$U.S.70 million
January 1977/83

The rate of interest applicable for the six month period beginning July 21st 1978 and set by the reference agent is 9$\frac{1}{16}$% annually.

N.V. ENGELSCH—HOLLANDSCHE BELEGGINGS TRUST

(ENGLISH AND DUTCH INVESTMENT TRUST) ESTABLISHED IN AMSTERDAM PARTICIPATION CERTIFICATES (Issued by Royal Exchange Assurance)

NOTICE IS HEREBY GIVEN that the net asset value (unaudited) of a Participation Certificate as at June 30th, 1978, using the official rates of exchange, was pounds sterling 20.17.

By Order of the Board.
HOLLANDSE KOOPMANSBANK N.V.
Managers.

Sarphatistraat 142,
Amsterdam C.
21st July 1978.

ART GALLERIES

ACHIM MOELLER GALLERY, 8, Grosvenor Street, off Bond Street, W.1. Tel 493 7611. Selection of 15 paintings by KADINSKY and 20th CENTURY MASTERS. Modigliani, Leger, Braque, Mondrian, Ernst, Miro, Klee, Picasso a.o. through July.

BROWSE & DARBY, 19, Cork Street, W.1. Robin Philipson. Women Observed. Mon.-Fri. 10.00-5.00. Sat. 10.00-12.30.

CHANDE GALLERY, 5-6, Cork St., W.1. 01-734 4626. Exhibiting paintings by GREGORY FINK. Mon.-Fri. 10-5.30. Sats. 10-1.

COVENT GARDEN GALLERY FAR AWAY Decorative watercolours. From and of Egypt, India and China. 20, Russell St., W.C.2. Tel. 836 1139.

FIELDBORNE GALLERIES, 63, Queen's Grove, St. John's Wood. 586 3600. LANDSCAPES by Royal Academicians MARBLE Carvings, YOMA SASBURGH.

LUMLEY CAZALET, 24, Davies St., W.1. 01-499 5058. MATISSE — Drawings, Prints and Illustrated Books. Until 28 July.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1
NEW STRIPTEASE FLOORSHOW
THE GREAT BRITISH STRIP
Show at Midnight and 1 a.m.
Mon.-Fri. Closed Saturdays. 01-437 6455.

APPOINTMENTS

ACCOUNTANT £8,000. Lloyds Insurance and short term money market investment experience essential. Required by City brokers. Personnel Appointments. 01-588 7921.

APPOINTMENTS

Director of Corporate Planning

for a major national organisation operating in the service industry. Turnover is rising to £500 million.

• THE task is to establish strategic priorities and targets for future growth and for the profitable use of resources within coordinated plans.

• A RECORD of creative and effective achievement in a similar and senior appointment is essential. The career path is likely to have included a period in a top line management role.

• SALARY around £15,500. Success could lead to further line management responsibilities.

Write in complete confidence
to P. A. R. Lindsay as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET and LONDON W1N 6DJ
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

Regional Director

SERVICE INDUSTRY

for the largest and most profitable region of an international company with a household name.

• RESPONSIBILITY is to the Chairman for the sales and profits performance of a multi-branch operation that is crucial to the fortunes of the group.

• THE requirement is for strong leadership skills in dealing with people and a demonstrable record of successful sales and general management in a service industry, almost certainly involving retailing and the employment of female staff.

• SALARY is unlikely to be less than £15,000, with substantial profits participation in addition. Success could lead to a Board appointment.

Write in complete confidence
to A. Longland as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET and LONDON W1N 6DJ
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

Investment Management

• REORGANISATION and growth have created the need for additional senior staff in a large pension fund located at Epsom; assets exceed £240m and the annual inflow is in excess of £50m.

• THREE appointments are to be made covering separate responsibility for the management of the fixed interest, equity and real property portfolios.

• FOR each, experience of the management of sizeable assets is the requirement. Graduates and applicants with suitable professional qualifications, with closely related City experience, or those who have worked in large institutions will have an advantage.

• SALARY is likely to be around £10,000, but could be more for special skills. Preferred age early 30s.

Write in complete confidence
to J. B. Tonkinson as adviser to the fund.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET and LONDON W1N 6DJ
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

PUBLIC NOTICES

COUNTER-INFLATION ACT 1973
(1973 c.9)

ORDER
under section 6

[illegible]

COUNTER-INFLATION ACT 1973
(1973 c.9)

ORDER
under section 6

[illegible]

BRIGHTON B.C.

[illegible]

HAMPSHIRE COUNTY COUNCIL

[illegible]

WORLD STOCK MARKETS

Profit-taking curtails fresh Wall St. rise

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—108¼% (107¾%)
Effective $1.9040—52¼% (51¾%)

AFTER TAKING Wednesday's advance a stage further at the outset yesterday, Wall Street ran into waves of profit-taking which left stocks finishing on a rather mixed note following another heavy turnover.

The Dow Jones Industrial Average, up 11.7 the previous day, rose afresh to 849.43 and then retreated to 835.24 before closing 2.08 down on the day at 838.62. The NYSE All Common Index was a net 3 cents off at $55.07, after earlier rising to $55.37, although gains still led losses at the close by 815 to 654. Trading volume further increased to 33.34m shares from Wednesday's total of 30.85m.

Brokers said that there was also some selling by foreign investors, prompted by a fresh decline in the dollar.

Analysts commented that the stock market advance on Wednesday and early yesterday was partly inspired by hopes that interest rates had peaked. The Federal Reserve indicated in its money market action yesterday that it had not raised its target rate on key Fed funds to 8 per cent from 7¾, but dealers said a smaller rise of ¼ of a point was still possible.

Early buying also stemmed from speculation that the Fed would report a decline in the money supply after the market close that would relieve pressure for another credit tightening.

The Fed reported that the basic U.S. money supply (M1), in the latest reporting week, fell to a seasonally adjusted average of $352.2bn from a revised $354.2bn the previous week. The broader money supply (M2) declined to an average of $845.5bn from a revised $846.8bn.

Rowan led the actives list and rose 1⅛ to $24¼ — trading included a block of 271,500 shares changing hands at $24¼. Rowan is the target of a takeover attempt by Chicago Bridge and Iron, unchanged at $53¾.

Airlines were active again, Pan American, the third most active issue, was unchanged at $7½, while United Airlines added ⅜ at $35¼.

Alcoa, on higher second-quarter results and a raised dividend, picked up ¼ to $42⅞. Alcan Aluminium put on ½ to $28¾, also on improved second-quarter profits.

Despite a drop in second-quarter earnings, Monsanto gained ½ to $50⅞. Union Carbide, on slightly higher second-quarter profits, were up ⅜ at $38⅞.

Rolm, with fiscal fourth quarter net profits more than tripled, climbed 1½ to $30¼. Lee Enterprises, which raised the dividend and is planning a stock split, rose $1 to $33¼. It also reported improved fiscal third-quarter net profits.

R. J. Reynolds, however, eased ⅜ to $55½ despite higher second-quarter earnings.

Exxon lost ½ to $44⅞, Texaco also ½ to $25¼, Shell Oil ⅜ to $32 and Getty Oil 1½ to $36⅞.

THE AMERICAN SE Market Value Index in contrast to the NYSE, held a further advance of 0.54 at 151.54. Volume 4.20m shares (3.69m).

Devon Group jumped 5⅞ to $45 on sharply higher fiscal first-quarter earnings and a 100 per cent stock dividend.

Canada

Stocks moved sharply and broadly higher yesterday in very busy trading. The Toronto Composite Index advanced 8.2 further to a new 1978 peak of 1,178.5, while Golds jumped 47.4 to 1,475.0. Banks added 4.43 at 285.10, Utilities 1.36 at 178.30, Papers 0.56 at 121.41 and Oils and Gas 3.2 at 1,520.8.

Coles Book Stores, subject of a C$23 a share offer by Southam Press, climbed 1⅞ to C$22⅞.

Hudson's Bay Oil and Gas were up C$1 to C$46⅞ before trading was halted—the company said it could not explain the halt.

Laidlaw Transportation "A" gained ⅜ to C$15 before being halted around mid-day to announce improved nine-months results. Among other companies reporting higher earnings, Freuhauf Trailer rose ½ to C$9¼, Economic Investment Trust ⅜ to C$1½, Alcan Aluminium ¼ to C$32½ and Grey Goose "A" ¼ to C$9.

Paris

Stocks often advanced on renewed demand from institutional and foreign investors, in marked contrast to the lack of interest evident over the previous two days.

Bourse sources said the market rise was due to renewed confidence generating from the steadiness of the French franc on the foreign exchange market and a generally optimistic outlook for the economy in the short-term.

Most sectors were higher, with rises particularly noticeable in Electricals and Oils.

Aquitaine, 32 higher at FFr 581, and Esso were especially favoured, while Peugeot, Printemps, Borel, Carrefour, Club Mediter, L'Oreal and Air Liquide also made good headway.

Tokyo

After an initial improvement, stocks often reacted on profit-taking to finish with an easier bias on balance after further active trading.

The Nikkei-Dow Jones Average closed 5.19 down on the day at 5,635.44, after earlier rising to a post-war high of 5,649.87. Volume amounted to 380m shares (340m).

Some export-orientated shares lost ground, due partly to the large Japanese June current account surplus, announced on Wednesday. Toyota Motor declined Y6 to Y904, Matsushita Electric Y5 to Y730 and Alps Electric Y30 to Y1,010.

Printing, Paper and Ink shares retreated following an official statement that Japan has no plans at present to re-denominate the yen. Dai Nippon Printing shed Y10 to Y574.

In contrast, some Public Works issues rose following remarks by International Trade and Industry Minister Toshio Komoto that large-scale additional reflationary measures should be taken to enable Japan to achieve its 7 per cent real economic growth target for fiscal 1978.

Low-priced Chemicals, Textiles and Machines also tended to hold gains.

Toagesei Chemical Industry advanced Y24 to Y187, reflecting market talk that it has succeeded in developing a new cancer drug.

Germany

Share prices continued their firming trend yesterday and managed to maintain a strong tone despite late profit-taking. The Commerzbank Index renewed its climb towards its previously reached 1978 high of 812.7, finishing at 810.2, up 2.0 on the day.

Motors rose strongly, with Daimler adding DM 6 and BMW DM 4.50.

Elsewhere, Conti Gummi advanced DM 2.70, Karstadt DM 2.80, Schering DM 3.50 and Bayerische Vereinsbank DM5.50.

Against the trend, Linde came back DM 2.50 and Klockner DM 1.30.

Public Authority Bonds remained depressed, losing up to 50 pfennigs more. The Regulating Authorities bought a nominal DM 220.3m of paper, compared with DM 175m purchases the previous day. Mark Foreign Loans were also weaker.

Australia

Markets closed mixed again after a late burst of buying in Uraniums and some demand for Coal shares brought a little life to an otherwise slack trading session.

A group of traders apparently felt that Uranium issues were too low and moved back into the market. Pancontinental rallied 10 cents to A$14.50, while Queensland Mines advanced 20 cents to A$2.70 and Kathleen Investments 5 cents to A$2.30. Peko-Wallsend, after initial easiness, picked up to A$5.66 for a net gain of 2 cents.

Among Coals, Utah improved 10 cents to A$4.15, heartened by news that their striking mineworkers are meeting today to vote on a combined mining union recommendation that they return to work. The strike has now entered its sixth week. Oakbridge put on 4 cents to A$1.84 and White Industries hardened 4 cents more to a 1978 peak of A$2.22.

In contrast, Tins, Base Metal Mines and Iron ore exporter Hamersley were easier in light trading.

Among Golds, Central Norseman moved ahead 20 cents to A$8.70 but Consolidated Gold Fields shed 5 cents to A$3.10.

Industrial leader BHP were a shade off at A$7.42 ahead of today's annual results.

In the Banks sector, BNS Wales rose 8 cents to A$6.20, but CBA lost 6 cents to A$2.32.

Johannesburg

Golds rose afresh, spurred on by modest London interest and the higher bullion price.

Mining Financials were occasionally firmer in quiet dealings. Anglos gained 10 cents to R5.95 ahead of the results. De Beers lost an initial rise of 7 cents on London interest to end unchanged at R7.15.

Other Metals and Minerals were mostly higher in light trading.

The Industrial market was narrowly mixed in slack trading.

Hong Kong

Market turned slightly easier in fairly quiet trading, the Hang Seng index losing 2.03 to 554.94.

Jardine Matheson declined 20 cents to HK$15.10 and Swire Pacific 10 cents to HK$8.65, while Hong Kong Land, Hutchinson Whampoa and Wheelok shed 5 cents each to HK$9.95, HK$6.20 and HK$3.125 respectively.

Among second-liners, China Light receded 40 cents to HK$25.30 and Hong Kong Electric 10 cents to HK$6.10.

Amsterdam

Market closed on a rather mixed note, although Dutch Internationals generally hardened, with Royal Dutch gaining Fl 1.10 and Unilever Fl 0.70.

Elsewhere, KLM featured with an advance of 8.50 to Fl 68.00, while HVA put on Fl 1.40 and Ahold Fl 2.30, but Pakhoed, Fokker, Bols and Nedlloyd declined.

State Loans eased afresh.

Switzerland

Bourse prices were firmer-inclined in slow trading.

Nestle Bearer rose 20 to SwFr 3,420, Motor Columbus 15 to SWFr 790 and Intershop 7 to SwFr 340, but among broadly lower Insurances, Baloise Non-voting shed 10 to SwFr 585 and Winterthur Insurance 30 to SwFr 2,300.

Domestic Bonds showed small losses, but Foreign Bonds were steady.

NOTES: Overseas prices shown below exclude * premium. Belgian dividends are after withholding tax. ♦ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ◊ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked † Bid. § Traded ‡ Seller. z Assumed xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

NEW YORK

[illegible]

Stock	July 20	July 19
Woolworth	18⅞	18⅞
Wyly	5⅞	4
Xerox	54⅝	55⅜
Zapata	16¼	16¼
Zenith Radio	14⅝	14¼
U.S.Treas. 4% 1980	†94⅜	†94⅜
USTreas 4¼% 75/85	†79⅞	†79⅞
U.S. 90 day bills	7.05%	7.04%

† Bid. ‡ Asked § Traded ¶ New stock

Indices

NEW YORK—DOW JONES

	July 20	July 19	July 18	July 17	July 14	July 13	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	838.62	840.70	829.00	839.05	839.86	824.75	859.81 (6/6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.10	87.20	87.15	87.00	86.94	86.95	90.85 (4/1)	86.75 (11/7)	—	—
Transport	229.30	229.69	226.62	227.60	225.36	225.07	231.35 (6/6)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.28	105.28	105.78	106.28	106.65	105.45	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	33,340	30,850	22,860	29,180	28,370	23,610	—	—	—	—

* Basis of index changed from August 24

	July 14	July 7	June 30	(Year ago approx.)
Ind. div. yield %	5.56	5.75	5.71	4.87

STANDARD AND POORS

	July 20	July 19	July 18	July 17	July 14	July 13	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	108.30	108.44	106.98	108.09	107.90	106.64	110.39 (6/6)	95.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
§ Composite	98.03	98.12	96.87	97.78	97.58	96.25	100.32 (6/6)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 12	July 5	June 28	Year ago (approx.)
Ind. div. yield %	5.07	5.18	5.11	4.43
Ind. P/E Ratio	9.12	8.95	9.04	10.19
Long Gov. Bond yield	8.69	8.62	8.57	7.59

N.Y.S.E. ALL COMMON

July 20	July 19	July 18	July 17	1978 High	1978 Low
55.07	55.10	54.45	54.82	56.20 (8/6)	48.37 (6/3)

Rises and Falls

	July 20	July 19	July 18
Issues traded	1,888	1,871	1,886
Rises	815	991	485
Falls	654	448	982
Unchanged	419	432	421
New Highs	93	74	59
New Lows	7	9	16

MONTREAL

	July 20	July 19	July 18	July 17	1978 High	1978 Low
Industrial	189.51	188.35	187.82	186.97	189.51 (20/7)	162.58 (10/2)
Combined	198.47	196.92	196.62	196.00	198.47 (20/7)	170.82 (30/1)
TORONTO Composite	1178.5	1170.3	1168.2	1165.4	1178.5 (20/7)	998.2 (30/1)
JOHANNESBURG Gold	245.5	239.8	237.0	237.2	245.5 (20/7)	185.6 (20/4)
Industrial	252.6	252.0	252.2	252.4	252.4 (17/7)	194.3 (15/3)

	July 20	Previous	1978 High	1978 Low
Australia (‡)	500.80	501.31	504.42 (17/7)	441.19 (1/3)
Belgium (‖)	96.27	96.18	101.16 (8/5)	90.46 (25/5)
Denmark (**)	95.98	95.82	96.13 (9/1)	94.00 (6/2)
France (††)	71.9	70.9	71.9 (20/7)	47.8 (6/2)
Germany (‡‡)	810.2	808.2	812.7 (10/5)	768.4 (17/5)
Holland (§§)	84.3	84.2	87.0 (9/6)	78.0 (4/4)
Hong Kong (¶¶)	554.94	556.97	582.67 (6/7)	383.44 (13/1)
Italy (‖‖)	61.75	61.52	64.29 (19/7)	55.46 (10/1)
Japan (a)	435.38	435.61	435.61 (19/7)	364.04 (4/10)
Singapore (b)	347.55	348.97	350.51 (10/7)	282.0 (1/5)

	July 20	Previous	1978 High	1978 Low
Spain (d)	104.04	105.16	110.78 (8/5)	92.88 (13/2)
Sweden (c)	387.22	383.86	387.86 (5/6)	325.74 (4/1)
Switzerl'd (f)	291.7	291.8	466.99 (23/6)	278.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50; Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (‡) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Rowan	1,424,500	24¼	+1⅛
Exxon	644,500	44⅞	−½
Pan-Amer. Airways	537,200	7½	—
Abbott Laboratories	363,900	33	−1
Polaroid	352,000	41⅞	—
Sterling Drug	336,500	18⅛	+⅛
Ahmanson	329,800	29¼	−⅛
Eastman Kodak	321,600	58⅞	−⅛
UAL	316,400	35¼	+⅜
Eastern Air Lines	[illegible]	[illegible]	[illegible]

[illegible]

Securities Rand $U.S.0.68¾ (Discount of 40.2%)

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½%
Banque du Rhone	10½%	Midland Bank	10 %
Barclays Bank	10 %	■ Samuel Montagu	10 %
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
■ Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't. Trust	10 %	Rossminster Ltd.	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	11 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk.	10 %	Whiteaway Laidlaw	10½%
Duncan Lawrie	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corpn.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¾%.
† 7-day deposits on sums of £10,000 and under 6¾%, up to £25,000 7¾%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¾%.

EUROPEAN OPTIONS EXCHANGE

[illegible]

شكراً من الزكول

FARMING AND RAW MATERIALS

'Massive vote needed to save milk boards'

BY CHRISTOPHER PARKES

BRITAIN'S Milk Marketing Boards are not out of the wood yet, farmers were warned yesterday. A "massive" vote in favour of them would be needed at the poll planned for October, Mr. Steve Roberts, the boards' chairman, said yesterday.

Without this backing "the future of the whole milk marketing system will be in grave jeopardy," he told the annual meeting of the boards in London yesterday.

"It is up to our dairy farmers themselves to prove to Europe that they really do want to maintain their milk marketing boards."

Milk producers will be invited to take part in a referendum in October. Eighty per cent of the voters in the poll must support the boards, and those so doing must represent at least half the milk production in their particular board area for the boards to continue in their present form.

"Any apathy when the time comes could be disastrous," Mr. Roberts stressed.

If the Boards were lost no one would be obliged to buy farmers' milk and nobody would be there to negotiate their prices for them.

"In other words the producer would be on his own and would have no assured market for his milk."

Common Market negotiations over the Boards' future had at last been concluded. There was no room for negotiating further changes to the regulations governing them.

"The referendum therefore represents the producers' one opportunity to say whether they do or do not want their Boards to continue."

Mr. Roberts also called for a small increase in the retail price of milk in the near future. A modest increase soon would be preferable from everyone's point of view to a larger price rise later, he said.

Mr. Silkin, Minister of Agriculture, does not plan to review doorstep milk prices before the autumn.

Board profits in the past 12 months rose almost £5m to £11.6m. All income will be distributed to dairy farmers.

Zaire raises cobalt price 37%

By Our Commodities Staff

SOGEMIN, the company distributing Zairean metals in Britain, yesterday announced a 37 per cent increase in its price for cobalt.

The UK price goes up from £10,850 to £14,900 a tonne delivered.

The rise came after a move by Sozacom, the main Zairean marketing company in Belgium, which earlier in the day raised the world price from BFr625 to BFr900 a kilo.

The London company said the increase was the natural consequence of the rise posted at the week-end by the Zambians, who raised their cobalt price from $8.50 to $12.50 a pound.

Cobalt is used in super-alloy steels and is especially important in the aerospace industry.

Johnson Matthey, agent for Rustenburg Platinum, yesterday announced a cut in the price of platinum to reflect the renewed strength of sterling against the dollar.

The price falls today to £128 per troy ounce from £129.50.

Base metal prices strengthened markedly on the London Metal Exchange yesterday, although the figures were deceptive.

The renewed vigour of sterling kept increases at modest-seeming levels. Cash copper wirebars, for example, rose £3.50 a tonne on the day and forward metal increased £4.50, to close at £718.75 a tonne.

UK HARVEST PROSPECTS

Nothing like a shortage to maintain prices

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE RECENT short spell of warm weather has helped to ripen the standing grain crops, and winter barley should be ready to cut on my farm sometime during next week.

This is about 10 days later than normal for me and this seems to be general in the south. There are reports of some harvesting having been done around Chichester, one of the earliest districts in the country.

The delay has been entirely due to the cool, even cold, summer which has prevented the evaporation which normally hastens ripening of the crops.

In some ways the lack of sun has been an advantage because, although there has been no more than an inch of rain on my farm since the middle of May, the grass is still green and the wheat and spring barley are still developing. Only the spring barley is showing signs of the poor spring by not being as thick as I would like to see it.

During the summer of 1976 there was rather more rain but the constant high temperature accelerated ripening so that by this date I was three parts of the way through what proved to be a light, but very cheaply secured harvest.

Its results were more profitable than the much heavier one of 1977 because of the low costs involved. No drying was needed and prices were much higher due to scarcity.

On this last point it is as well to remember that the husbandman who makes two grains grow where one grew before may be a benefactor of mankind, but he plays the devil with his neighbours' economics. You can't beat a good shortage for price maintenance.

Disasters

It is far too soon to prophesy harvest yields. Prospects for autumn-sown wheat and winter barley are quite good, but spring barley in many parts is not so well developed. Even so, between now and the end of September all sorts of disasters could hit the harvest. However, this hasn't stopped the buyers from talking up the yield and talking down prices in consequence.

This happens every year and would be a fit subject for Lord Rothschild's Royal Commission on Gambling. The participants—farmers and buyers—are operating in absolute ignorance of the facts. No one knows with in any degree of accuracy the weight of the harvest or the extent of the demand. The only certain factor is the appallingly bad salesmanship of the British farmer.

He should be in clover. British grain production averaged about 15m tonnes over the last five years, with a high of just under 17m last year. Total use is about 22m tonnes on average, mainly of wheat and maize.

Because of the effects of the EEC levies and its price system, the cheapest imported soft milling wheat of EEC origin is about £103 a tonne, with feed wheat £99, maize £104 and barley £91, all c.i.f. U.S. and Canadian wheats are £20 to £30 a tonne dearer.

Quoted forward prices for English grain are about £10 to £15 cheaper than those for EEC imports. This is for grain of roughly equal quality. Although no maize is grown here, it can be satisfactorily replaced by feed wheat for many uses in animal feed.

Mr. Ted Bishop, Minister of State at the Ministry of Agriculture, proudly stated last week that more than 2m tonnes of UK barley had been exported from the 1977 harvest, earning the country £125m.

He could have added, but did not, that because of the deficit, 2m tonnes of other cereals had to be imported, some of which could have been replaced by the barley—and these cost 50 per cent more than the export price. In addition, barley exports which went to third countries had to have a heavy EEC subsidy. But all this is by the way.

The other factor influencing the trade is quality. The grain is supposed to be of sound and merchantable condition. Milling quality for wheat is determined by the Hagberg test, and for malting barley by the nitrogen content of the sample — tests which appear to be totally under the buyer's control.

Quantity

In a perfect world, those farmers who grew the highest quality wheat would receive prices approximating to the costs of imported milling wheat, and growers of malting barley a fixed and rewarding premium. But the world is not perfect and they do not.

The buyer's assessment of a quality payment is determined by just how badly he needs the grain.

Faced with this attitude, a farmer's reaction is to go for quantity. Here he is influenced by the fact that the highest yielding varieties of wheat and barley are generally speaking of the lowest quality for milling and malting. This difference is not reflected in premiums, however.

For instance, the premiums at present being offered for milling over feed wheat are no more than £4-£6 a tonne—at most 7 per cent, while the most used feed wheats would yield at least 10 per cent more than milling varieties. There are new strains with claimed yields comparable with feed wheat, but they will not be in full use for a year or so.

In barley, the situation is much the same except that the premiums are more erratic and the quality tests even less related to price than with wheat. Therefore, unless he has special reasons of very doubtful logic, any farmer will go for quantity.

But just suppose that the plant breeders came up with high yielding, high quality wheat and barley and the farmer's grew them 100 per cent, would there be any premiums then? I doubt it.

Aid fund on target

BY OUR COMMODITIES STAFF

THE SELF-HELP fund set up by the National Farmers' Union to compensate farmers who lost cattle, sheep and lambs in last winters' storms has exceeded £110,000, the union announced yesterday. The target was £100,000.

Mr. John Silkin, Minister of Agriculture, has now been asked to fulfil his promise of chipping in a substantial contribution from the exchequer.

The Government has more than £1m in grants on hand given last year from Community funds and some senior officials of the farmers' union are expecting about half of this to be added to the farmers' own contribution's.

Sir Henry Plumb, NFU president, said yesterday: "I confidently expect that the Government will now be able to make a very substantial contribution.

"I certainly hope the money will be available to farmers who qualify for help in time for them to buy replacement stock at sales this autumn."

The Ministry of Agriculture will be responsible for sharing out the funds and deciding the criteria for payments to farmers hit by the blizzards and floods.

It is expected that only stock farmers who lost at least 10 per cent of their breeding herds or flocks will be eligible for relief grants.

If this project—the industry's first attempt at self-help—is a success a permanent aid fund may be established to deal with bad winters or other natural calamities.

Paris cereals market opposed

PARIS, July 20.

THE FRENCH Union of Cereals Co-operatives has come out against the creation of an EEC futures market for cereals in Paris.

A futures market was neither technically nor economically useful because price fluctuations in the Community were already limited by the EEC system of intervention and threshold prices, it said.

Reuter

Higher world wheat output forecast

WASHINGTON, July 20.

THE U.S. Agriculture Department is now projecting world wheat and wheat flour production in the 1978-79 season at 406.1m tonnes compared with 381.6m in the 1977-78 season.

Previously, the Department has forecast 1978-79 production at 433.2m tonnes with favourable weather conditions, or 369.9m without.

World production of coarse grains (maize, barley, oats, rye, sorghum, millet, and mixed grains) in 1978-79 is put at 701.7m tonnes, compared with 694.9m in 1977-78.

The previous 1978-79 forecast was 734.9m tonnes with favourable weather and 663.2m with unfavourable weather.

Reuter

UK fishing industry 'crumbling away'

BY RICHARD MOONEY

THE CRISIS facing the British fishing industry was highlighted yesterday when Associated Fisheries, the country's biggest trawling company, announced it had lost £1.35m before tax in the six months to March 31. In the corresponding period a year earlier it had a profit of £1.46m.

The performance of British United Trawlers, the company's trawling subsidiary, was even worse with a loss of £1.9m against a profit of £2.3m in the half-year to March 31, 1977.

Mr. Paul Tapscott, Associated Fisheries' chairman, attributed the group's poor performance entirely to "denial of access to customary (fishing) grounds." He said this was exacerbated by the continuing failure of negotiations for a revised EEC fisheries policy.

"While the politicians are dilly-dallying the fishing industry is crumbling away," he said.

Reduced fishing opportunities in the Barents Sea and in Norwegian and Faeroese waters had forced the company to continue slimming down its fleet. Three years ago it was operating 148 deep sea vessels, but its fleet now totalled only 90.

Agreement on a common fisheries policy, with satisfactory access to waters within 50 miles of the British coast, and the subsequent arrangement of reciprocal deals securing continuous access to third country waters (particularly off Norway) were vital to the recovery of the UK industry, Mr. Tapscott said.

British United Trawlers accounts for more than a quarter of Britain's deep sea fishing fleet and well over a third of the total catch, but it is not typical of UK fishing companies because of its exceptional commitment to deep sea, distant water fishing grounds—the type of fishing worst hit in recent years.

Left-over potatoes dumped

By Our Commodities Staff

ONLY 190,000 tonnes of potatoes from last year's main crop are still unsold, the Ministry of Agriculture said yesterday. This was only 3 per cent of the total harvest of 6.2m tonnes.

However, 140,000 tonnes were sold cheaply for feeding to livestock and 80,000 tonnes were taken up by processors at special low prices as part of efforts last season to prevent a collapse of the market.

The Ministry said that no figures were yet available on the cost of potato market support last year, but it seemed likely to be less than had been expected earlier in the season.

The potatoes still unsold will be thrown away, although most of the growers will be paid for them under the Government's guarantee scheme.

Added to the supplies fed to animals and those disposed of cheaply in the frozen chip industry, this means that production in excess of demand from the fresh market last year was about 8 per cent of the total harvest.

Farm price ceiling idea rejected

BY CHRISTOPHER PARKES

MR. FINN GUNDELACH, Common Market Agriculture Commissioner, has rebuffed British suggestions that the EEC should clamp down on farm spending.

It was not practical to impose a straight ceiling on the agricultural budget, he told farmers at the East of England Show. Such demands—made in Brussels earlier this week by Mr Joel Barnett, Chief Secretary to the Treasury—were "not well thought out."

Mr Barnett told a meeting of Community Finance Ministers that each year everyone agreed that the Common Agricultural Policy cost too much and yet each year farm prices rose and the share of the common budget going to farming remained constant at 70 per cent.

Mr. Gundelach, however, said he did not believe that Mr. Barnett's idea would be adopted. Agricultural expenditure was determined by too many uncertain elements, including harvest variations, changing world prices and monetary uncertainties.

Defending the Community's commodity price policy he pointed out that prices were rising everywhere else in the world.

New Zealand had asked last year for a 23 per cent price increase for butter sold in the EEC. It was given 14 per cent, while Community producers got 3 per cent.

This year New Zealand was asking for 15 per cent, while Community farmers had been awarded 2 per cent.

Mr. Christopher Tugendhat, EEC Budgets Commissioner, told Cheshire farmers yesterday that Agriculture Ministers should be joined by the Finance Ministers at their annual farm price fixings.

"I do not believe it is right that questions which are of such far-reaching economic significance should remain so firmly in the hands of Agriculture Ministers." Mr. Tugendhat told a meeting of the National Farmers' Union in Crewe.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firmer on the London Metal Exchange despite the strength of sterling. A poor close on Comex overnight caused forward metal to open lower at £711. But thereafter the price moved ahead with Japanese buying in the morning taking forward metal up to £715 on the morning kerb, after bouts of profit-taking. In the afternoon values rose in line with Comex and forward material was finally £717, after £718. Turnover: 15,225 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £693.5, three months £716, 14.5, 14, 13.5, 14, 14.5, 15. Cathodes, three months £711, 11.5, 12. Kerb: Wirebars, three months £715, 15.5, 16, 15.5. Afternoon: Wirebars, three months £717, 17.5, 18, 18.5, 19, 18.5. Cathodes, cash £692, three months £714.5, 14. Kerb: Wirebars, three months £718.5, 17.5, 17.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
Wirebars				
Cash	693.5-4	—3	696-7	+3.5
3 months	714.5-5	—3.5	718.5-9	+4.5
Settl'm'nt	694	—3	—	......
Cathodes				
Cash	690.5-1	—2.25	692-.5	+3.75
3 months	711.5-2	—2.25	713.5-4.5	+4
Settl'm'nt	691	—2.5	—	......
U.S. Smt.	—	......	*66.5-68	......

TIN—Higher. Bear covering on the pre-market saw forward metal rise from £6,450 to £6,500 but this level attracted profit taking and hedge selling which depressed the price to £6,460 prior to a modest rally on the late kerb where the close was £6,475. Turnover: 1,485 tonnes.

Morning: Standard, cash £6,565, 60, 55, three months £6,480. Kerb: Standard, cash £6,550, three months £6,460. Afternoon: Standard, three months £6,460, 70. Kerb: Standard, three months £6,465, 70.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6555-65	+57.5	6530-40	+40
3 months	6505-10	+57.5	6480-90	+32.5
Settlem't	6565	+65	—	......
Standard				
Cash	6555-60	+50	6530-40	+40
3 months	6485-90	+52.5	6465-70	+30
Settlem't	6560	+50	—	......
Straits E.	$1780	+4	—	......
New York	—	......	—	......

LEAD—Gained ground influenced by the trend in copper. Forward metal opened at £309, rose to £312 owing to short covering but then eased back to £309. In the afternoon the rise in copper saw forward metal edge up to close at £312 on the late kerb. Turnover: 5,075 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	300.5-1.5	+.75	303.25-.75	+3
3 months	309.5-.75	+1.38	312-.5	+3.5
Settl'm'nt	301.5	+1	—	......
U.S. Spot	—	......	31-35	......

Morning: Cash £303, 1.5, 1, three months £310, 10.5, 10, £309.75. Kerb: Three months £310. Afternoon: Three months £312. Kerb: Three months £312, 11.5.

ZINC—Moved ahead reflecting the trend in other base-metals and some bear covering. Forward metal gained ground steadily throughout the day, opening at £312 and rising to £315.2 on the late kerb. Turnover: 5,800 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+or —
	£		£	
Cash	303-4	+2.25	304.5-5.5	+2.25
3 months	313.5-4	+2.5	315.5-6	+2.5
S'ment	304	+2.5	......	......
Prm. West	......	......	29-31	......

Morning: Cash £303, 4, three months £313.5, 14. Kerb: Three months £314.5, 14. Afternoon: Three months £315.5. Kerb: Three months £315.5, 15, 15.25.

* Cents per pound. † On previous official close. ‡ SM per picul.

SILVER

Silver was fixed 2.3p an ounce higher for spot delivery in the London bullion market yesterday at 280.0p. U.S. cent equivalents of the fixing levels were: spot 530.3c, up 6.1c; three-month 539.6c, up 6.6c; six-month 551.3c, up 5.9c; and 12-month 576.2c, up 5.9c. The metal opened at 279.3-280.2p (529-530½c) and closed at 279½-280½p (532-533½c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	280p	+2.3	280.7p	+3.0
3 months	286.95p	+2.4	287.65p	+3.5
6 months	294.9p	+2.5	—	......
12 months	311.9p	+3.2	—	......

LME—Turnover 172 (149) lots of 10,000 ounces. Morning: Three months 287, 7.1, 7, 7.2, 7.4, 7.5, 7.5. Kerb: Three months 287.7, 7.6. Afternoon: Three months 288.5, 8.2, 87.5, 7.8, 7.7, 7.8, 7.9. Kerb: Three months 287.7, 7.6, 7.7, 7.8, 7.7, 7.5.

COCOA

Values remained within a narrow range throughout the day in quiet conditions, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
No.3 Contr't			
July	1770.0-75.0	—4.5	1775.0-70.0
Sept.	1775.0-74.0	—15.5	1795.0-65.0
Dec.	1758.0-56.5	—0.75	1770.0-48.0
March	1757.5-58.0	+1.25	1745.0-28.0
May	1715.0-15.0	—	1722.0-13.0
July	1695.0-1705	+4.0	1700.0-1695
Sept.	1665.0-90.0	+11.5	1665.0

Sales: 2,354 (4,343) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price July 19: 146.42 (141.90). Indicator prices July 20: 15-day average 141.38 (141.21); 22-day average 141.33 (140.79).

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 88 tonnes, bringing the total for the week so far to 544 tonnes. Few orders were placed as spinners remained cautious in assessing forward needs. F. W. Tattersalls reported. Occasional support was evident in African qualities as well as North and South American growths.

I.G. Index Limited 01-351 3466. One month Gold 189.5-191.0

29 Lamont Road, London SW10 0HS.

1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

CONTRACTS AND TENDERS

HELLENIC REPUBLIC

MANPOWER EMPLOYMENT ORGANIZATION (M.E.O.)

INVITATION FOR INTERNATIONAL BIDS

1. The Government of Greece has received a Loan (No. 859GR) totalling $23.5 million, from the International Bank for Reconstruction and Development (I.B.R.D.) towards the Second Educational Project.
This programme, regarding M.E.O., consists of the following:
A. Eight (8) new Vocational Training Centres (KEKATE and KM) (construction, equipment, furniture)
B. Ten (10) Vocational Training Centres (equipment only)
C. Three (3) Mobile Units for Vocational Training
2. This announcement concerns the procurement of mechanical-electrical equipment for three (3) new KEKATE and KM, the remaining equipment from previous biddings and the furniture of the eight (8) new KEKATE and KM.
The mechanical-electrical educational equipment includes lathes, milling machines, drills, generators, hand tools, steel, cables, pipes etc, and is grouped in 24 packages according to Type and Similarity (Supply: Phase B'-Stage 2).
3. Bidding will be among firms from member countries of the I.B.R.D. and Switzerland and will take place from October 10, 1978 to November 20, 1978. Bid documents will be distributed to interested parties at a fee of US $ 10.
4. Additional information may be obtained from
MANPOWER EMPLOYMENT ORGANIZATION
DIRECTORATE OF SUPPLIES
33, Halkokondili Street, Athens, 102, Greece
Working days and hrs. 11.00-13.00.

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE

INVITATION TO TENDER

Tenders are invited for the immediate supply and delivery c.i.f., from any EEC port, of 2,500 tonnes of bagged sorghum destined as United Kingdom National Food Aid to Mali. The sorghum is to be loaded into one ship and delivered via the Port of Dakar to Kayes for 1,000 tonnes and Bamako for 1,500 tonnes. The sorghum shall be supplied in new or good quality second-hand fumigated jute bags marked "Food Aid Gift of the United Kingdom."

The allowance for the supply and transportation costs of the grain will be determined on examination of the tenders, delivery terms embodied in a Notice of Invitation to Tender together with Tendering Forms may be obtained from Branch B (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading (Tel: Reading 583626).

Tenders must be submitted by 12 noon, Thursday, 3rd August, 1978, to:

HOME GROWN CEREALS AUTHORITY.
Hamlyn House, Highgate Hill, London N19 5PR.

COFFEE

ROBUSTAS, after opening at the day's highs, slipped lower as persistent dealer selling prompted general long liquidation, Drexel Burnham reported. The market found support at £18 above recent lows and thereafter fluctuated in a £20 range for the rest of the session. At the close values were about unchanged on the day.

[illegible]

Sales: 3,559 (2,947) lots of 5 tonnes.

ICO indicator prices for July 19 (U.S. cents per pound): Colombian Mild Arabicas 167.00 (174.00); unwashed Arabicas 140.00 (same); other mild Arabicas 127.67 (same); Robustas ICA 1976 127.25; Robustas ICA 1968 127.50. Daily average 127.46 (same).

ARABICAS were untraded and all unquoted.

RUBBER

SLIGHTLY EASIER opening on the London physical market. Little interest throughout the day, closing dull. Lewis and Peat reported a Malaysian godown price of 231 (233) cents a kg (buyer, August).

No. 1 R.S.S.	Yest'rday's Close	Previous Close	Business Done
Aug.	52.85-53.[illegible]	[illegible]	54.00-53.55
Sept.	55.50-5[illegible]	[illegible]	55.50-55.25
Oct-Dec	55.50-5[illegible]	[illegible]	56.55-57.50
Jan-Mar	57.50-5[illegible]	[illegible]	60.20-58.40
Apr-Jne	59.50-5[illegible]	[illegible]	61.70-61.50
Jly-Sept	61.50-6[illegible]	[illegible]	64.20-65.55
Oct-Dec	63.30-6[illegible]	[illegible]	66.15-65.10
Jan-Mar	65.15-6[illegible]	[illegible]	67.10-66.70
Apr-Jne	66.70-6[illegible]	[illegible]	[illegible]

Sales: 215 (14[illegible]) at 15 tonnes and two (six) of 5 tonnes.

Physical closing prices (buyers) were: Spot 53p (54.0); Sept. 55.25p (56.25).

GRAINS

LONDON FUTURES (GAFTA)—The market opened on wheat and 5p lower on barley and [illegible] very thin trading conditions. In [illegible] remained steady [illegible] close 5-30p higher [illegible] two-way trade [illegible] the close increased [illegible] steady 15-30p higher.

[illegible]

SOYABEAN MEAL

The market opened £1.10 up on a technical correction after declines in nearby August over the past three days. Prices remained steady most of the session, in a narrow trading range, but late profit-taking trimmed some of the early gains to leave prices 80p up on the day at the close, SNW Commodities reported.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
August	111.70-12.0	+0.05	112.00-11.10
October	114.80-15.0	+0.80	115.70-14.50
December	115.60-14.0	+0.80	114.80-15.40
February	114.20-15.5	+0.45	—
April	116.50-17.1	+0.80	—
June	118.50-17.8	—0.55	117.80
August	117.—21.0	—	—

Sales: 108 (186) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £84.50 (same) a tonne cif for July-Aug. shipment. White sugar daily price was fixed at £96.00 (£95.00).

Early gains were quickly erased and the market eased back about £1.25 from opening levels. A higher than expected New York opening halted the decline and a partial recovery ensued. Closing prices were about the middle of the range.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	85.40-85.60	84.85-84.50	85.75-84.55
Oct.	86.95-87.00	86.15-86.20	87.70-86.25
Dec.	88.30-89.00	89.35-88.40	89.80-88.20
March	93.15-93.30	94.15-94.25	93.75-94.30
May	97.50-97.80	96.75-96.80	97.80-97.00
Aug.	100.75-101.1	100.50-00.60	101.25-100.8
Oct.	104.25-04.75	103.35-04.00	104.50

Sales: 3,040 (1,897) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £284.85 (same) a tonne for home trade and £144.50 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 19: Daily 6.37 (6.16), 15-day average 6.58 (6.64).

WOOL FUTURES

LONDON—The market was dull and featureless, Bache reported.

(Pence per kilo)

Australian Greasy Wool	Yesterd'ys Close	+ or —	Business Done
July	250.0-58.0	+0.50	—
October	238.0-42.0	+0.50	—
December	245.5-47.0	+0.50	—
March	246.0-48.0	......	—
May	248.0-50.0	......	—
July	250.0-54.0	......	—
October	248.0-53.0	......	—
Dec.	248.0-58.0	......	—

Sales: nil (5) lots of 1,500 kg.

SYDNEY GREASY—(In order buyer, seller, business, sales). Micron Contract: July 351.0, 353.0, 352.0-351.0, 17; Oct. 343.5, 344.0, 343.5-343.0, 16; Dec. 351.2, 351.5, 351.5-350.3, 30; March 356.5, 356.7, 357.0-356.0, 19; May 360.1, 360.5, 360.5-360.0, 9; July 365.2, 365.5, 365.5-363.5, 4; Oct. 369.0, 369.5, 369.5-369.5, 1; Dec. 370.8, [illegible]

[illegible]

MEAT/VEGETABLES

[illegible]

(—2.3): Pigs down 0.4 per cent, average 62.7p (—1.9). Scotland—Cattle up 0.7 per cent, average 71.93p (—0.80): Sheep up 4.2 per cent, average 132.6p (+1.3).

COVENT GARDEN (prices in sterling per package unless stated)—Imported produce: Oranges—S. African: Navels 4.00-5.00; Brazilian: 4.20-5.20; Californian: 6.00-6.50. Lemons—Italian: 100/120s new crop 4.20-4.50; Spania: trays 1.40-1.50, large boxes 3.50-4.40; S. African: 4.50-5.40. Grapefruit—S. African: 27/72 3.40-4.50; Jaffa: 40s 4.40. Mandarins—Brazilian: 4.20-4.50. Apples—French: Golden Delicious 20 lb 84s 4.00-4.20, 72s 4.50; W. Australian: Granny Smith 9.40-9.60; Tasmanian: Sturmer Pippins 9.00-9.40, Croftons 10.40, Democrats 10.20; S. African: Granny Smith 9.40, Golden Delicious 9.60-9.90, York Imperial 9.80-10.50; Chilean: Granny Smith 7.00-7.30; New Zealand: Sturmer Pippins 163 9.20, 175 9.20, Red Dougherty 10.30-10.50, Granny Smith 8.50-8.70; Italian: Rome Beauty per pound 0.22½. Golden Delicious 0.19-0.20. Pears—Victorian: 40 lb Josephines 10.50, Winter Nelis 9.30-9.50 per pound French: Dr. Guyot 28-lb box 0.23; Spanish: Limonera 0.20-0.25. Peaches—Italian: 1½ trays 1.90-3.30; French: 1.80-2.40. Grapes—per pound Cypriot: Cardinal 0.27-0.30, Sultana 0.30-0.33; Spanish: Cardinal 0.28. Plums—Spanish: 5 kilos Santa Rosa 1.50-3.00, Burbanks 2.00-2.40; Italian: Florentias 20 lb 3.00, Golden per pound 0.15-0.18. Apricots—Spanish: 5 kilos 3.00; Hungarian: 3.00. Bananas—Jamaican: per pound 0.15. Avocados—Kenya: Fuerte 14/24s 2.80-3.20; S. African: Fuerte 2.80-3.20. Capsicums—Dutch/French: per 5 kilos 3.20; Italian: 2.40. Cherries—Washington: per pound 0.80. Onions—Israeli: 3.20-3.30; Spanish: 2.50-3.30; Maltese: 3.00-3.20. Potatoes—Cypriot: 4.80; Jersey: 2.60. Tomatoes—Dutch: 1.50; Guernsey: 1.80; Jersey: 1.60. Carrots—French: Nantes 26-lb boxes 2.00; Italian: 22 lb 2.00. Beetroots—Cypriot: 28 lb 1.00. Melons—Spanish: Yellow 8/13s 2.50-3.70; Canary: Ogen 8/10s 2.40. Watermelons—Spanish: 3.00; Greek: 2.80-3.50. Sweetcorn—Spanish: per box 22 x 2.50.

English produce: Potatoes—per 56 lb 1.00-1.40. Lettuces—per 12 0.50, Cos 0.80, Webbs 0.90. Rhubarb—per pound, outdoor 0.05. Cucumbers—per tray 12/24s 1.40-1.60. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley's 0.10-0.20, Grenadier 0.20. Tomatoes—per 12 lb English 1.40-1.60. Cabbages—per crate 2.00. Celery—per 12/18s 2.00-2.20. Strawberries per ½ lb 0.12-0.18. Cauliflowers—per 12 Lincoln 1.80-2.20. Broad beans—per pound 0.11-0.12. Peas—per pound 0.11-0.12. Cherries—per pound Black 0.50, White 0.20-0.30. Gooseberries—per pound 0.23. Levellers 0.25-0.35. Beetroots—per 28 lb 1.30-1.50. Carrots—per 28 lb 1.40-2.00. Capsicums—per pound 0.20. Courgettes—per pound 0.15-0.16. Black/Red Currants—per pound 0.40. Onions—per bag 2.60-2.80.

JUTE

DUNDEE JUTE—Quiet. Prices c and f for Aug.: BWB £257, BWC £247, BWD £239. BTB £257, BTC £247, BTD £239. Calcutta goods unchanged. Quotations for July shipment: 40 ins 10 oz £9.80, 7.5 oz £7.61 per 100 yds, Aug. £9.81, £7.62, Sept. £9.81, £7.56. "B" twills £26.81, £27.17, £27.37. Yarn and cloth quiet.

Minister urges Japan to boost farm imports

TOKYO, July 20.

MR. NOBUHIKO USHIBA, Japan's External Economic Affairs Minister, has urged that the Japanese Government respond positively to U.S. demands for increased Japanese imports of farm products.

Mr. Ushiba said here on his return from the Bonn summit that this was the main issue on which the success of the so-called Tokyo round of multilateral trade negotiations hinged.

The U.S. wants Japan to expand imports of farm products such as beef and oranges to cut its large trade surplus.

The Japanese Government announced that Mr. Ushiba and Mr. Ichiro Nakagawa, Agriculture Minister, would visit Washington in September for talks on farm products in connection with the trade negotiations.

Reuter

PRICE CHANGES

Price per tonne unless otherwise stated.

* Nominal. † New crop. ‡ Unquoted.

	July 20 1978	+ or —	Month ago
Metals			
Aluminium	[illegible]		£680
Free market	[illegible]		$1020-50
Copper cash W'bars	[illegible]		£729.25
3 months do. do.	[illegible]		£706.5
Cash Cathode	[illegible]		£705.25
3 months do. do.	[illegible]		£725.75
Gold	[illegible]		$186.875
Lead Cash	£303.5	+3.0	£307.75
3 months	£312.25	+3.5	£317.75
Nickel	£4,065		£2,500
Free Market (c/lb)	$1.78		$1.85
	1.95	......	1.95
Platinum troy oz.	£128	—1.5	£133
Free Market	£129.05	+0.75	£125.7
Quicksilver (76lb.)	$125.30	......	$120-25
Silver troy oz.	280	+2.3	291.1p
3 months	286.95	+2.4	299p
Tin Cash	£6,535	+40.0	£6,730
3 months	£6,467.5	+30.0	£6,627.5
Wolfram 22.04lb cif	$130-35	......	$150-55
Zinc cash	£305	+2.25	£307.5
3 months	£315.75	+2.5	£217.25
Producers	$550-600	......	$550-600
Oils			
Coconut (Phil)	$590p	......	$595
Groundnut	£668	......	[illegible]
Linseed Crude (v)	£342	......	£377
Palm Malayan	$581q	......	$605
Seeds			
Copra Philip	$450s	+7.5	$480
Soyabean (U.S.)	$262.4	+2.0	$285
Grains			
Barley EEC			
Home Futures	£82.1	+0.4	£81.8
Maize			
French No. 3 Am	£102	......	£105.75
Wheat			
No. 1 Red spring	£91.25	+0.25	£96.5
No. 2 Hard Winter		......	
English Milling	£91.00	......	£104.5
Cocoa shipment	£1,855	—18.0	£1,660
Future Sept.	£1,775.5	—15.5	£1,764.5
Coffee Future			
Sept.	£1,238	+2.0	£1,555.5
Cotton 'A' Index	71.1c	+0.05	72.3c
Rubber kilo	53	—0.5	58p
Sugar (Raw)	£84.5	......	£95
Wooltops 64s kilo	265p	......	265p

k August. m June-August. n July-Sept. p July-Aug. q Sept. y August-Sept. x Per ton.

INDICES

FINANCIAL TIMES

July 20	July 19	Month ago	Year ago
235.85	236.10	246.04	246.04

(Base: July 1, 1952=100)

REUTER'S

July 20	July 19	Month ago	Year ago
1419.6	1418.4	1493.1	1650.6

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 20	July 19	Month ago	Year ago
Spot	354.77	353.98	365.56	364.78
Futures	358.35	357.88	352.86	352.19

(Average 1924-25-26=100)

MOODY'S

Moody's	July 20	July 19	Month ago	Year ago
Staple Commty	914.7	908.1	919.9	871.5

(December 31, 1931=100)

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.00-£3.80, codlings £2.20-£2.80; large haddock £3.80-£4.40, medium haddock £3.20-£4.00, small haddock £1.45-£3.00; large plaice £5.20-£5.40, medium plaice £3.80-£4.40, best small plaice £3.50-£4.00; large skinned dogfish £9.20, medium skinned dogfish £4.80; large lemon soles £6.00, medium lemon soles £5.50; rockfish £2.00-£2.50; reds £1.40-£2.00; saithe £1.80-£2.40.

U.S. Markets

Copper and precious metals gain

NEW YORK, July 20.

PRECIOUS METALS closed strong on new Commission House buying as the dollar remained under pressure. Copper regained yesterday's losses to close firm on speculative short-covering and chartist buying. Coffee finished lower on trade selling influenced by a lack of roaster business. Cocoa was slightly higher on speculative buying.

Cocoa—July 151.45 (150.90), Sept. 147.45 (146.80), Dec. 141.05, March 138.20, May 135.40, July 134.05, Sept. 132.45, Dec. 130.85. Sales: 759 lots.

Coffee—"C" Contract: July 122.25-121.00 (123.75), Sept. 121.00-121.10 (123.08), Dec. 115.00, March 109.75, May 107.00-108.00, July 104.00 bid, Sept. 105.93 nom., Dec. 105.00-107.00. Sales: 400 lots.

Copper—July 61.35 (58.70), August 61.55 (59.90), Sept. 62.15, Dec. 63.05, Jan. 64.50, March 65.60, May 66.65, July 67.65, Sept. 69.65, Dec. 70.10, Jan. 70.60, March 71.60, May 72.60. Sales: 4,000 lots.

Cotton—No. 2: Oct. 59.90-60.05 (60.15), Dec. 61.96-62.05 (62.37), March 62.60-63.05, May 64.45, July 65.50-65.60, Oct. 64.10-64.20, Dec. 64.75-65.00. Sales: 4,350 bales.

*Gold—July 191.50 (187.80), August 192.20 (188.40), Sept. 193.70, Oct. 195.20, Dec. 198.50, Feb. 201.40, April 204.60, June 207.90, August 211.20, Oct. 214.30, Dec. 217.50, Feb. 221.10, April 224.40. Sales: 15,000 lots.

†Lard—Chicago loose unavailable (21.75). NY prime steam 25.25 traded (unavailable).

‡Maize—July 224-225½ (225½), Sept. 227½-229½ (231½), Dec. 235½-236½, March 247½, May 253, July 255½.

§Platinum—Oct. 250.50-252.00 (248.60), Jan. 255.00-255.80 (248.90), April 255.50-259.00, July 262.80-263.00, Oct. 266.80-267.00, Jan. 270.50-271.00. Sales: 1,523 lots.

§Silver—July 535.60 (526.00), August 539.50 (526.80), Sept. 543.50, Dec. 555.40, Jan. 550.40, March 567.50, May 576.10, July 584.50, Sept. 593.70, Dec. 607.20, Jan. 611.70, March 621.00, May 630.40. Sales: 11,000 lots. Handy and Harman spot bullion 533.00 (522.00).

Soyabeans—July 617-622½ (604½), August 627-630 (622), Sept. 614-615, Nov. 602-601, Jan. 607½-606, March 614, May 615, July 619.

‖Soyabean Meal—July 165.00-164.70 (166.20), August 166.20-166.50 (165.30), Sept. 165.10-165.00, Oct. 163.50-164.00, Dec. 162.80-163.00, Jan. 163.30-163.50, March 166.50-167.50, May 167.70, July 169.00.

Soyabean Oil—July 24.55-25.00 (24.55), August 24.00-24.05 (23.54), Sept. 23.10, Oct. 22.20, Dec. 21.55-21.50, Jan. 21.50-21.45, March 21.45, May 21.40, July 21.30.

Sugar—No. 11: Sept. 6.50-6.55 (6.20), Oct. 6.49-6.50 (6.42), Jan. 6.88-6.95, March 7.14, May 7.25, July 7.42-7.44, Sept. 7.55-7.56, Oct. 7.63-7.70. Sales: 3,200 lots.

Tin—Unavailable (555-565 nom.).

**Wheat—July 306½ (306½), Sept. 311-310½ (307½), Dec. 315½-315½, March 319-319½, May 315½, July 307½.

WINNIPEG, July 20. ††Rye—July 97.10 (97.60), Oct. 96.00 (96.00 bid), Nov. 95.50 asked, Dec. 95.50 asked, May 95.10 asked.

††Oats—July 65.50 bid (67.40 bid), Oct. 69.50 (65.40-65.50 bid), Dec. 70.00 bid, March 70.20 bid, May 69.50.

††Barley—July 71.60 bid (71.00 bid), Oct. 71.50 bid (71.00), Dec. 72.00 bid, March 72.40 asked, May 72.50 bid.

§§Flaxseed—July 227.50 bid (227.00 bid), Oct. 228.00 (225.00 asked), Nov. 225.40 asked, Dec. 227.00 bid, May 233.50 bid.

¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 161.22 (160.12).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

STOCK EXCHANGE REPORT

Equities sensitive awaiting decision on dividend policy

Strong rally fades late—Long tap activation aids Gilts

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Buoyancy created by renewed hopes of dividend freedom was deflated late yesterday by the after-hours' announcement that new legislation is to be introduced next week. Earlier, the equity market had become increasingly more confident about the abandonment of controls and this had negated apprehensions connected with the pending White Paper on future pay policy, due to be published today.

Encouraged by a more decisive opening, reflected in an initial mark-up, selective quality buying of leading industrials furthered the upturn and a limited amount of new-time interest followed. Shortly after noon, the mood of the market appeared to be strengthening, but enthusiasm faltered in subsequent trading and prices turned much softer after the official close following the terse announcement about dividend control extension.

The form the new Bill would take and doubts that it could be successfully legislated aroused considerable speculation and finally a good deal of confusion. The only positive development was an immediate reactionary trend and the FT 30-Share index, after having been 7.4 higher at the 1 pm calculation, closed a mere 2.7 up at 470.4.

British Funds again took a detached view of the general proceedings. Nevertheless, upward progress was made and the Government broker operated the long tap for the first time, supplying stock at 98½ before he withdrew that price; unconfirmed reports suggested that a large switching order had been effected at below that level. Having eagerly awaited the latest money stock statistics, the market took a negative after-the-event view but retained its firm undertone.

Gold shares moved into the limelight following a prolonged spell of lethargy. Various factors influenced the upturn including the good rise in the bullion price, the Anglo American group dividends, and the recent spate of encouraging quarterly returns; as a result, the FT Gold Mines index gained 6.3 to its highest since October 19 last year.

First-time dealings in Wandsworth variable 1983 aroused little interest and the stock opened and closed at 99¹⁄₁₆, while the efforts of a few buyers raised Southern Rhodesian 2½ per cent 1965-70 three points to £55.

Support generated by the need to obtain investment currency for the purchase of U.S. securities lifted the premium ¾ to 108¼ per cent, after 108½ per cent. Yesterday's SE conversion factor was 0.6582 (0.6644).

Dealers in Traded Options reported a disappointing start to first-time dealings in the new April 1979 series and, out of a modest number of 565 contracts completed, only 90 were done in this category. Grand Met. recorded 20 in the April 110 series out of its total of 107, while only 14 were dealt in ICI's April series from an overall total of 153.

Union Discount rally

Opening a couple of pence firmer following overnight details of the bank's £100m acquisition of the American Credit Corporation, Barclays later touched 328p before easing to close unaltered at 325p. Other major clearers traded quietly and Lloyds, which start the interim dividend season today, finished unchanged at the overnight level of 273p, after 275p. Midland added 4 at 366p, after 368p. Elsewhere, Union Discount recovered 17 to 322p after Wednesday's fall of 10 on the interim statement, while Alexanders closed 5 better at 238p. Press comment drew buyers' attention to Cattles Holdings which rose 3 to 41½p.

Insurances closed firm but well below the best in places. Sun Alliance ended 5 harder at 511p, after 516p, and Royals improved 4 to 372p, after 375p, while Phoenix ended 6 to the good at 248p.

Apart from Marston Thompson, up 3 more to 74p on further consideration of the results and property revaluation surplus, Breweries replaced earlier gains with modest falls.

Interest in the Building sector remained at a fairly low ebb. Among the day's handful of movements, Wettern Bros. continued to lose ground following the further rejection of the bid from W. and J. Glossop and reacted 3 more to 90p. By way of contrast, demand ahead of the annual results, due shortly, left Ellis and Everard 6 to the good at 99p. Demand was also forthcoming for Tunnel "B," 9 up at 277p.

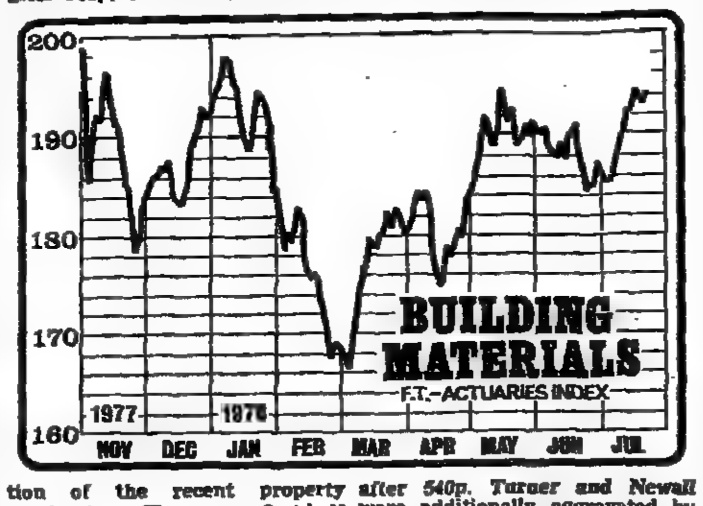
ICI edged up to 386p before easing back to settle at 383p for a rise of only a penny on balance. Elsewhere, speculative demand prompted a gain of 6 to 88p in Plysu, while buying interest revived in Farm Feed, up 4 at a peak for the year of 52p.

Gussies below best

Leading Stores closed well below the best. Supported up to 283p immediately in front of the annual results, Gussies A drifted to close 2 up on balance at 280p with the profits much in line with expectations. Elsewhere, renewed speculative buying in a thin market brought about a fresh advance of 13 to 200p in Elys (Wimbledon), while Wallis, still on the results and proposed scrip issue, edged forward a penny more to 165p, after 168p. Formingster, on the other hand, declined 12 to 153p following the disappointing results.

Secondary issues provided the main movements in Electricals. Gains of 6 were seen in Automated Security, 96p, and Kode International, 143, following renewed speculative interest, while Pye were active and 4 better at 91p. Among the leaders, GEC moved erratically, touching 270p before closing 3 better on balance at 266p.

Some scattered firm features were again evident among engineerings. Buying ahead of next Tuesday's annual results helped Davy International to improve 6 to 256p, while Stothert and Pitt rose 16 more to 200p, after 203p, on further consideration of the recent property revaluation. The strong first-half profits performance and accompanying optimistic remarks about second-half prospects helped Bullough put on 5 to 146p and, still on the strong second-half recovery, Birmingham Mint hardened 2 more to 76p. A proposed £2m rights issue and details of a French acquisition prompted a penny improvement to 133p in Tecalemit, while comment on the record earnings left Butterfield Harvey up 3 at 68p. Currently in receipt of a 125p per share cash bid from the Birmingham and Midland Counties Trust, Weston-Evans gained 2 to 128p on hopes of a higher offer. Mining Supplies were wanted at 87p, up 4. Hawker Siddeley closed 4 better at 214p, after 218p.



Unigate returned to the limelight, rising 6 to a 1978 peak of 68p on the better-than-expected preliminary figures. Elsewhere in Foods, Bernard Matthews rose 12 to 157p, a move excited by the Imps bid for J. B. Eastwood: the latter rallied 3 to 154p on hopes that the American-based Cargill may make an increased offer. Associated Fisheries closed a penny better at 40p, the passing of the interim dividend and first-half loss coming as no surprise, while reduced earnings failed to depress FMC which finished a like amount up at 68p. J. Sainsbury were finally 7 better at 202p, after 203p. Among Hotels and Caterers, Ladbroke, at 160p, recouped half of the previous day's fall of 6.

The late disclosure that the Government is to introduce new dividend legislation next week unsettled the miscellaneous Industrial leaders after-hours and prices closed up to 5 below the best. Boots, which had touched 208p following the chairman's encouraging remarks at the AGM, drifted lower to close only 5 higher on balance at 203p, while Metal Box, also after the annual meeting, finished 6 dearer at 328p, after 330p. Beecham put on 7 to 664p, after 668p, and Unilever improved 6 to 536p, after 540p. Turner and Newall were additionally aggravated by the Foreign Minister's reported remarks that Rhodesian sanctions would not be lifted and ran back from 186p to close only 2 higher at 180p. Elsewhere, Robert McBride stood out with a leap of 65 to 200p, after 210p, in a restricted market on news of a bid approach. Leigh Interests rose 8 to 158p on renewed speculative support, while A. Russell hardened 1½ to 58½p in response to the interim results. Photo Me added 10 to 295p and Vinten improved 3 more to 140, after 147p. Horizon Midlands closed 3 to the good at 97p following confirmation that the company intends to establish its own airline by 1980.

Dowty continued firmly in Motors and Distributors, rising 7 to 230p for a two-day gain of 9 on the good preliminary figures. Flight Refuelling were active and 8 better at 168p, after 172p, on continuing speculation about an imminent bid from Racal Electronics; the latter closed 6 higher at 252p. Fodens touched 69p briefly on the preliminary figures before easing back to close a net 3 cheaper at 64p on consideration of the accompanying statement on prospects.

Newspapers closed rarely altered, but interest was still being shown in Thomson which advanced to a 1978 high of 288p before settling at 285p for a rise of 7. Elsewhere, sharply lower half-yearly profits left Inveresk 6 cheaper at 67p, after 68p, but satisfactory preliminary results prompted a rise of 10 to 88p in Gordon and Gotch, while favourable Press mention coupled with the encouraging statement on prospects lifted J. Waddington 21 to 215p.

Encouraged by the good results from Haslemere, which touched 244p and closed 12 higher at 242p, Property shares made a bright showing. Stock Conversion, due to announce preliminary figures next Wednesday, were in demand and put on 12 to 254p, while the increased dividend and profits left Allnatt London 4 to the good at 206p.

Uncertainty about the Government's future policy on dividend restraint had a marked impact on Oil shares: Shell, in particular, touched 570p before falling back to close only a penny dearer on balance at 556p. British Petroleum moved similarly, closing 6 to the good at 856p, after 868p. Among North Sea stocks, fresh speculative demand took Siebens (UK) up to 410p, but sellers gained the upper hand at this level and the price reacted to close 6 cheaper on the day at 392p. Lasmo firmed 6 to 150p and Oil Exploration closed only 2 harder at 218p, after 226p.

Dealings in Sena Sugar were suspended at 5½p at the company's request pending an investigation into the financial viability of the company.

Rothschild made the running in quietly firm Investment Trusts, improving 6 to 209p in active trading, while talk that the group may be buying in the stock accompanied an overnight rise of eight points to £125 in the 6¼ per cent 1985-90 convertible loan. London and Aberdeen Investment Trust preferred were raised 2 to 13p on the announcement of a final distribution of 14.43p per share. Satisfactory preliminary figures left Atlantic Assets 1¼ firmer at 97½p. In Financials, Challenge Corporation reflected currency influences with a rise of 6 to 149p.

Dawson International were again prominent in Textiles, rising 7½ to 144½p for a two-day rise of 11½ on continuing bid speculation; Vita-Tex responded to the preliminary figures with a gain of 2 to 44p, but increased earnings failed to sustain Allied Textile which fell 4 to 150p.

Golds advance

South African gold shares moved ahead smartly, buoyed by the continuing firmness of the bullion price—finally a further $3.375 higher at $189.125 per ounce—and aggressive buying prompted by the recent spate of good June quarterly profits.

The Gold Mines index advanced 6.3 to 170.7, its highest since last October.

Prices were lifted from the outset reflecting the firmness of the bullion price in overnight U.S. markets. This trend accelerated in the afternoon as a further improvement in the metal price encouraged good U.S. buying.

Heavyweights registered gains of up to a point as in Randfontein, £35¼, while rises of around ¾ were seen in West Driefontein, £21⅞, Western Holdings, £20¼, and Vaal Reefs, £15¼, the last-named in front of the better-than-expected interim dividend and sharply increased profit for the June quarter.

Lower-priced issues also gained considerable ground. Kloof advanced to a 1978 high of 600p, while Libanon put on 24 to 536p and Elandsrand 15 to 246p.

South African Financials, although firmer, did not fully reflect the sharp gains in Golds. Anglo American edged up 4 to 324p, GFSA ½ to £13¾ and De Beers 2 to 390p.

On the other hand, the London-registered Gold Fields improved rapidly in the late trade to close 7 higher at 180p. Rio Tinto-Zinc closed off the top, finishing 2 to the good at 218p, after 220p.

Elsewhere, the withdrawal of recent speculative support saw Northgate fall 35 to 390p, Anglo United 20 to 179p and Westfield 7 to 130p. Silvermines also came in for end-account selling and closed 5 easier at 49p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	16	383	+ 1	396	328
Barclays Bank	£1	12	325	—	358	290
BP	£1	11	856	+ 6	890	720
Unigate	25p	11	68	+ 6	68	47
Marks & Spencer	25p	10	134	—	160	135
Shell Transport	25p	10	556	+ 1	586	484
Thomson Org.	25p	9	285	+ 7	288	155
Unilever	25p	9	536	+ 6	548	470
Commercial Union	25p	8	149	+ 5	159	138
Dowty	50p	8	230	+ 7	231	152
GEC	25p	8	266	+ 3	278	233
Lloyds Bank	£1	8	273	—	297	242
BAT Inds.	25p	7	317	+ 4	346	267
GUS "A"	25p	7	280	+ 2	312	258
Ladbroke	10p	7	160	+ 3	215	157

FINANCIAL TIMES STOCK INDICES

—	July 20	July 19	July 18	July 17	July 14	July 13	A year ago
Government Secs.	70.70	70.67	70.50	70.50	70.26	70.02	66.88
Fixed Interest	71.67	71.64	71.60	71.49	71.58	71.79	67.71
Industrial Ordinary	470.4	467.7	472.4	479.3	474.4	473.8	433.9
Gold Mines	170.7	164.4	162.6	161.3	160.6	159.0	117.5
Ord. Div. Yield	5.54	5.58	5.63	5.55	5.60	5.60	6.51
Earnings Y'ld% (full)(*)	17.14	17.25	17.10	16.86	17.01	17.00	16.46
P/E Ratio (net)(*†)	7.79	7.74	7.81	7.92	7.85	7.84	8.79
Dealings marked	4,567	4,383	4,757	4,321	4,172	4,061	6,963
Equity turnover £m	—	76.84	85.84	68.07	70.96	81.71	66.65
Equity bargains total	—	15,372	17,151	14,784	15,735	17,343	14,199

10 am 471.1. 11 am 471.7. Noon 473.4. 1 pm 473.1.
2 pm 474.4. 3 pm 474.5.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=7.62.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (5/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	170.7 (20/7)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	July 20	July 19
—Daily		
Gilt-Edged	144.7	158.9
Industries	151.5	152.8
Speculative	57.2	32.2
Totals	99.4	99.8
5-day Av'rage		
Gilt-Edged	152.0	147.6
Industrials	153.6	152.1
Speculative	29.9	29.3
Totals	100.2	98.8

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 18	July 31	Oct. 12	Oct. 24
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of Share Information Service

Money was given for the call in Burmah Oil, Ward White, Mills and Allen, UDT, English Property, Lonrho, P and O Deferred, KCA International, Illingworth Morris A, Metoy, Status Discount, Geo. Sturla, Britannia Arrow, Grimshawe, Ladbroke Warrants, William Morrison and Queen's Moat Houses while a double was arranged in UDT.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	131	—	152	—	—	—	865p
BP	800	89	—	112	—	153	—	"
BP	850	65	1	85	—	100	1	"
BP	900	34	27	54	8	75	6	"
Com. Union	140	16	7	18	—	26	10	149p
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]	

EEC animal trade plans

BY OUR COMMODITIES STAFF

COMMON MARKET plans now being drafted on animal welfare are expected to favour trade in meat carcasses rather than the movement around the Community of live animals for slaughter outside their home countries, Mr. John Silkin, Minister of Agriculture, hinted in the Commons yesterday.

Pressed for a unilateral ban on exports of live animals, the Minister said he was still studying a Government report on the trade and waiting to see what the Commission proposed.

He understood, though, that the people working on draft schemes in the Commission considered trade in carcasses to be more desirable than movements of livestock over long distances.

Mr. Silkin is understood to oppose live trade, although a recent Government study concluded that there was no reason either on economic or humanitarian grounds for an end to exports of animals.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	60	1	16
Corpns., Dom. and Foreign Bonds	7	6	51
Industrials	401	166	952
Financial and Prop.	209	28	288
Oils	14	5	15
Plantation	4	7	21
Mines	60	17	49
Recent Issues	13	10	20
Totals	799	220	1,412

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (98)

AMERICANS (1): Honeywell
CANADIANS (1): Rio Algom
BRITISH FUNDS (2): Exchqr. 12pc 1998; Exchqr. 12pc '13-17
BANKS (3) [illegible]
BUILDINGS (3) [illegible]
CHEMICALS (2) [illegible]
DRAPERY & STORES (4) [illegible]
ELECTRICALS (9) [illegible]
ENGINEERING (11) [illegible]
FOODS (3) [illegible]
INDUSTRIALS (15) [illegible]
MOTORS (3): Rolls-Royce; Dowty; Flight Refuelling
NEWSPAPERS (1): Thomson Org.
TEXTILES (4): Dawson Intl.; Do. A; Dixon (D.); Hollis
TRUSTS (23): Alliance Inv.; Altifund Cap.; Ambrose Inv. Inc.; Investing in Success; Law Debenture; Raeburn; [illegible]
OVERSEAS TRADERS (4) [illegible]
MINES (12) [illegible]

NEW LOWS (8)

LOANS (1): USMC [illegible]
BUILDINGS (1): Francis (G. R.)
INDUSTRIALS (2) [illegible]
PROPERTY (1) [illegible]
SHIPPING (1): Reardon Smith
SHOES (1): Booth (Intl.)
TRUSTS (1): Reabrook Inv.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., July 20, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Wed. July 19 Index No.	Tues. July 18 Index No.	Mon. July 17 Index No.	Fri. July 14 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	216.03	+0.7	17.56	5.67	7.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (72)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11 CONSUMER GOODS (DURABLE) (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio TV (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GOODS (NON-DURABLE) (174)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (39)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (97)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (55)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (495)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (673)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Thurs. July 20	Day's change %	xd adj. To-day	xd adj. 1978 to date
1 Under 5 years	[illegible]	[illegible]	—	[illegible]
2 5-15 years	[illegible]	[illegible]	—	[illegible]
3 Over 15 years	[illegible]	[illegible]	—	[illegible]
4 Irredeemables	[illegible]	[illegible]	—	[illegible]
5 All stocks	[illegible]	[illegible]	—	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Thurs. July 20	Wed. July 19	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2	Low Coupons	15 years	[illegible]	[illegible]	[illegible]
3	Low Coupons	25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5	Medium Coupons	15 years	[illegible]	[illegible]	[illegible]
6	Medium Coupons	25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8	High Coupons	15 years	[illegible]	[illegible]	[illegible]
9	High Coupons	25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

	Thurs. July 20 Index No.	Yield %	Wed. July 19	Tues. July 18	Mon. July 17	Friday July 14	Thurs. July 13	Wed. July 12	Tues. July 11	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

...

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441
Jersey Extral. Tst. 174.0 185.0
As at June 30. Next sub. day July 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK293.94		......	2.50
Jardine J'pn Fd.*	$HK353.28		......	1.00
Jardine S.E.A.	$US16.79		......	1.80
Jardine Flem.Int.	$HK10.55		......	—
Intl Pacific Secs.	$HK12.67		......	—

NAV June 30. *Equivalent $US75.97. Next sub. July 14.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St Helier, Jsy CI 0534 73741

CMF Ltd. June 29	$US12.35	12.67	...	—
CMT Ltd. June 29	£12.77	13.10	...	—
Metals Tst. June 16	£12.17	12.47	...	—
TMT July 14	$US10.38	10.57	...	—
TMT Ltd. July 14	£10.36	10.63	...	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd $US15.52 +0.08 —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FOOD PRICE MOVEMENTS

	July 20 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,090
British A.1 per ton	1,085	1,085	1,075
Irish Special per ton	1,085	1,085	1,065
Ulster A.1 per ton‖	1,085	1,085	1,065
BUTTER			
NZ per 20 kg	12.59/12.72	12.51/12.62	12.51/12.62
English per cwt†	72.99	72.99	71.85
Danish salted per cwt†	74.98/77.55	74.48/76.57	73.98/75.44
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,202.10	1,202.10	1,164.30
EGGS*			
Home-produce:			
Size 4	2.80/3.10	3.00/3.50	2.25/3.00
Size 2	4.00/4.30	4.25/4.70	3.80/4.70
	July 20 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.0	56.0/59.0
Eire forequarters	37.0/39.0	‡	33.0/36.0
LAMB			
English	58.0/60.0	54.0/64.0	60.0/66.0
NZ PLs-PMs	53.0/54.5	53.0/54.5	51.5/53.0
PORK (all weights)	35.0/44.0	35.0/44.0	35.0/44.0
POULTRY—Broiler chickens	36.0/39.0	36.5/39.0	36.5/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ‖ For delivery July 22-29.

CORAL INDEX: Close 468-473

INSURANCE BASE RATES

† Property Growth .... 10½ %
† Vanbrugh Guaranteed 9.25%
† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
40	33	Do 5pc Pref	40	......	—	—
98	98	Chilean Mixed	98xd	......		13.10
415	350	German Yng. 4½pc.	410	+5	4½	—
54	46	Greek 7pc Ass	54	......	3½	f6.48
51	46	Do 6pc 28 Stab. Ass	51	......	6	f6.00
43	40	Do 4pc Mixed Ass	43xd	......	4	f4.65
55	42	Hung. '24 Ass	55	......	4½	5.00
77	65	Ireland 6½pc '83-88	65	......	—	12.60

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 51½% (based on US$1.8865 per £)

Conversion factor 0.6582 (0.6644)

CANADIANS

[illegible]

S.E. List Premium 51½% (based on $2.1321 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

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FINANCE

DIAMOND AND PLATINUM

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

A Sterling denominated securities which include investment dollar premium.
● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
φ Figures or report awaited.
†† Unlisted security.
¢ Price at time of suspension
§ Indicated dividend after pending scrip and or rights issue: cover relates to previous dividends or forecasts.
♦ Merger bid or reorganisation in progress.
■ Not comparable.
◆ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
▼ Excluding a final dividend declaration.
☆ Regional price.
|| No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £100 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	24	.....
Ash Spinning	43	
Bertam	21	
Bdg'wtr Est 50p	278	
Clover Croft	26	
Craig & Rose £1	430	
Dyson (R. A.) A	38	.....
Ellis & McHdy	61	
Evered	16½	.....
Fife Forge	50	
Finlay Pkg 5p	23½	
Graig Ship £1	225	+5
Higsons Brew	75	+2
I.O.M. Stm £1	150	
Holt (Jos) 25p	263	+1
N'thn. Gold'smith	56	
Pearce (C.H.)	182	
Peel Mill	20	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	56	.....
Sindall (Wm.)	103	.....

IRISH

Conv. 9% '80/82	£91¼	+¼
Alliance Gas	65	.....
Arnott	340	.....
Carroll (P.J.)	98	.....
Clondalkin	96	−2
Concrete Prods	130	.....
Heiton (Hldgs.)	40	.....
Ins. Corp.	160	.....
Irish Ropes	130	.....
Jacob	62	.....
Sunbeam	32	+2
T.M.G.	173	.....
Unidare	95	+5

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½	I.C.I.	20	Tube Invest	30
A.P. Cement	18	Imps	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	6	Vickers	15
Barclays Bank	25	K.C.A.	3	Woolworths	5
Beecham	35	Ladbroke	17	Property	
Boots Drug	15	Legal & Gen.	14		
Bowaters	18	Lex Service	7	Brit. Land	3½
		Lloyds Bank	22		

FINANCIAL TIMES

Friday July 21 1978

PRAVDA HITS BACK ON U.S. SANCTIONS

Carter veto 'blackmail'

BY OUR FOREIGN STAFF

THE SOVIET UNION has denounced as "blackmail" President Carter's decision to veto a $7m Sperry Univac computer sale to Russia and place all oil-related equipment exports to Russia under review.

The Soviet Communist Party newspaper Pravda, in a sharp commentary, said the U.S. move was an "old and corroded lever" and was destined to backfire.

The clear implication was that Moscow would take its trade elsewhere.

Mr. Carter's move was a reaction to mounting public anger at harsh treatment of Soviet dissidents, notably Mr. Anatoly Shcharansky and Mr. Alexander Ginzburg, both members of the unofficial Helsinki monitoring group.

But however effective it may be as a political gesture, there are considerable reservations in the U.S. about its economic impact.

Britain made clear yesterday that she will not follow the U.S. example in imposing limited trade sanctions to put pressure on Russia.

Nor has there been any word of action from West Germany, which is the Soviet Union's largest trading partner in the West.

Dr. J. Dickson Mabon, Minister of State for Energy, said in a speech yesterday that Britain's views about human rights in Russia should not interfere with the development of trade between the two countries.

In a clear reference to the U.S. move, Dr. Mabon explicitly ruled out trade embargoes or discriminatory trade licensing action against Moscow.

Britain, he said, nevertheless, reserved the right to make representations to the Soviet Union through other channels.

Addressing the British-Soviet Chamber of Commerce, he said that he would welcome the extension to other countries of the European Convention of Human Rights, which he believed could act as a worldwide forum for complaints about alleged human rights violations.

Anglo-Soviet trade should continue to expand, he said, especially in the energy field.

"Significant prospects now exist for co-operation between the United Kingdom and the Soviet Union on the exploitation of offshore petroleum deposits."

The Department of Trade has indicated too that far from putting pressure on British companies to break off negotiations with Russia, it is more concerned that Moscow may take retaliatory trade action against the West.

Under the Anglo-Soviet trade agreements more than £500m-worth of credits are still available to be taken up by the Soviet Union. Contracts worth £440.6m have been placed in the past 18 months.

In the first five months of this year exports to Russia have totalled £189m, while imports totalled £117m. Last year exports were £347m against £781m-worth of imports.

The Government's position remains firmly that enunciated by Mr. Edmund Dell, the Trade Secretary, after a meeting with Mr. Vladimir Kirillin, Chairman of the Soviet Council of Ministers, in May.

A top Soviet economist said in Houston Texas that the Soviet Union may well look to Japan or West Germany as alternative suppliers of sophisticated data processing equipment.

Mr. Valery Naborov, director of the U.S. economy department of the Soviet Foreign Trade Ministry's market research institute, said there was "a distinct possibility" that Moscow would look elsewhere for its computer needs.

Cancellation of U.S. Soviet deal Page 2

Gilt sales cut money supply growth

BY MICHAEL BLANDEN

LARGE SALES of gilt-edged securities in the few days after last month's credit squeeze measures, helped to bring the growth of the money supply back well within the Government's targets for the current year.

The sterling money stock on the wider definition (M3), the main measure used in official policy, rose by only 0.3 per cent after seasonal adjustments in the five weeks to the middle of June.

This was the smallest monthly increase since August last year, and a sharp decline from the rises of 2.5 per cent and 0.9 per cent recorded in April and May.

After the first two months of the current financial year, sterling M3 has been growing at an annual rate of 7.4 per cent. This is below the bottom end of the official target range of 8-12 per cent for the year as a whole.

The figures also confirm, however, that bank lending has taken a marked upward turn, with private sector borrowing in the past few months rising at an average rate of over £500m a month.

This upsurge was the main reason for the decision to re-impose the so-called corset restraint on the growth of the banks. If demand remains at these relatively high levels, the banks may have difficulties in bringing their interest-bearing deposits back within the ceilings imposed by the corset.

Domestic credit

The statistics also show that domestic credit expansion totalled a modest £337m during the month after seasonal adjustment. This compared with a jump of £1.1bn in the previous month and of £1.4bn in April, and brought the rate of increase back within the official ceiling of £6bn for the current year.

The figures were well received in the City yesterday. The growth of M3 was regarded as perhaps slightly disappointing, though a fall of 0.4 per cent in the narrower money supply measure (M1) — resulting from a sharp drop in interest-bearing sight deposits — was regarded as encouraging.

The gilt-edged market was helped by the renewal of official sales for the first time since the days immediately after the package was announced. The Government broker sold some of the long-dated tap stock, Exchequer 12 per cent 2013-17, at a price of £96¼ per cent.

Dealers thought that this stock must now be near to exhaustion, and could finally run out today. A total of £1bn of the stock was originally issued in part-paid form on June 15, and attracted substantial interest with about two-thirds thought to have been taken up by the public at the time.

The breakdown of the money supply figures shows that the heavy gilt-edged sales considerably outweighed the public sector borrowing requirement. In spite of some apparent increase in borrowing by public corporations, the total public sector contribution to DCE was a drop of £364m after seasonal adjustment.

The external influences on money supply, reflecting official intervention in the exchange market, were relatively modest. The outflows totalled £86m after seasonal adjustment, compared with £612m in the previous month.

THE LEX COLUMN

Keeping an eye on bank lending

The gilt-edged market had been hoping that sterling M3 would show a small decline in the June banking month but on the other hand seemed resigned to a rise in M1 given the buoyancy of current account balances. As it turned out sterling M3 rose by 0.3 per cent and M1 fell by close to ½ a per cent.

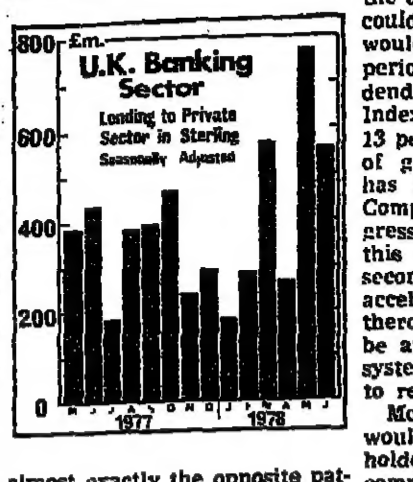
So on balance the market was not particularly disappointed by the outcome, and any qualms there might have been were temporarily dispelled, at least, by the strength of sterling which had its best day for four months. Prices at the long end of the market rose by a quarter of a point and the Government Broker was able to operate the long tap for the first time.

As for the money supply figures, the surprising fall in M1 reflects a very large drop in interest bearing sight deposits; these are the easiest to get rid of for those banks that face problems with the corset. Meanwhile, based on the first two months of the current financial year, M3 has grown at an annual rate of 7.4 per cent, which is below the 8-12 per cent official target. But this was to be expected given the heavy gilt sales during the period.

The overall DCE figures also look reasonably reassuring and the only real worry is the increase in bank lending. This seems to be running at around £500m a month, and if it continues at this pace it could soon present the banks with problems.

However, in the short term the authorities seem to have the monetary aggregates under control. Judging by the statistics on the discount market the latter piled into the short end of the gilts market in a record way after the June package and has been licking its wounds ever since which must partly explain the weakness of the short end of the market. These gilts are now passing into the non-bank private sector and this should help the July money supply figures. But the authorities still need to think about their financing strategy after the election.

Index rose 2.7 to 470.4



Great Universal

At £128.1m pre-tax against £112.3m Great Universal Stores has produced results closely in line with expectations. For students of minor fluctuations, profits growth slowed down from 15 per cent in the first half to 13 per cent in the second, while sales showed almost exactly the opposite pattern. But a good part of this apparent decline in margins through the year can be explained by the tucking away of £9m in the unearned profit reserve in the second six months compared with only £4m in April-September.

The mail order activities—which taking in the Continental operations account for half of group sales—continue to be the backbone of GUS growth, though there are still some double running costs, with the high bay warehouse at Martland not due to come into service until next year. Elsewhere the furniture side has performed well in a market which has proved disappointing for some other chains.

Certainly GUS has been pushing up sales usefully faster than inflation, and with trading conditions continuing to improve sights for 1978-79 are being raised to the £145m-£150m range pre-tax. But the share price is already expectant at 208p for the "A", and the yield is a modest 4.5 per cent.

Dividends

It is now all up to the politician. A 6.8 point rise in the 30 Share Index at 3 pm yesterday narrowed down to a 2.7 point gain at the close as the market absorbed the first reports that this morning will bring proposals for further statutory dividend controls. And all short term bets are off until the legislation has met its fate one way or another.

A form of dividend controls based on the level of dividend cover would, of course, resolve few of the fundamental objections to the statutory control of the returns on risk capital. And its short term impact on the overall level of share prices could hardly be favourable. It would come after a 12 months period in which the rate of dividend growth on the All-Share Index has been running at over 13 per cent—and when the rate of growth in company profits has been falling back sharply. Companies made negligible progress during the first quarter of this year, and although the second half could show some acceleration in earnings growth, there is certainly not going to be any bonanza this year in a system which relates dividends to reported profits.

Moreover such a system would specifically punish shareholders in the most successful companies. Groups like Wimpey, Costain, or Associated Dairies all have very high dividend cover and minuscule yield as a result of their progress during the years of restraint. The threat now is that they could be frozen in this position. The City can only hold its breath.

Unigate

After a lacklustre first half the market was not expecting very much from Unigate's full year figures, so it was caught right off guard by a 60 per cent pre-tax surge in the second six months and a total for 1977-78 of £31.5m against £22.8m. The results show dramatically how a minor improvement in trading conditions for such a high turnover business—group sales were almost £1bn for the year—can come through powerfully on the bottom line.

Although the volume of liquid milk sales has continued to fall by roughly 1 per cent, the decline eased in the second half and there was a favourable margin award. The cheese market improved somewhat after a very difficult period, and Unigate has been profitably selling butter into intervention. Meat products, meantime, have shown higher overall returns, and the international side has continued to show solid growth.

Up 8p yesterday to 68p, the highest level for five years, the shares now yield a less generous than usual 7.8 per cent. If the second half is any guide to the future a further good advance is on the cards for this year. But Unigate, worried by competitive pressures in the grocery trade, is taking a cautious line for the time being.

City Panel censures Eastwood ex-director

By Andrew Taylor

MR. DAVID TROTMAN, a former director of J. B. Eastwood, has been censured by the City Takeover Panel for dealing in his company's shares when he was in possession of price-sensitive information.

Eastwood, the eggs and poultry group, is currently on the receiving end of two takeover bids — from Cargill, a privately owned U.S. concern and Imperial Group of the UK.

The Panel states that Mr. Trotman broke Rule 30 of the Takeover Code by purchasing 10,000 Eastwood shares, in his wife's name, at a time when he knew that a bid was likely from Cargill. He also broke the Stock Exchange Model Code on directors' share dealing by buying the shares within two months of the announcement of the company's preliminary results.

The Panel's statements came on the same day as the Government published its white paper on Changes in Company Law, which proposes to make insider dealing — which is covered under Rule 30 — a criminal offence.

The Panel says that Mr. Trotman had been informed at a meeting on June 11 that a bid from Cargill was possible. An offer some 25 per cent above the then market price of Eastwood shares was mentioned.

On June 14 Mr. Trotman instructed his stockbroker to buy 10,000 shares. The price was 90½p a share. Subsequently, Eastwood's shares were suspended and Cargill's 132p a share bid was announced on June 30. The same day Mr. Trotman resigned as a director.

Imperial is currently bidding 160p a share (£38.2m in total) for Eastwood.

Mr. Trotman said last night that he had informed Eastwood's company secretary the day after he had made the purchase. "I was aware that I was breaking the code but I was not doing so for personal gain," he said.

He would pay any profits from the 10,000 shares he acquired to charity.

Mr. Trotman said that he had planned to buy the shares for some time because his family stake in Eastwood had been reduced by 28,000 shares to 86,000 shares. He had been opposed to the bid from Cargill, worth altogether £30½m, and had felt a larger shareholding might help his case. The Eastwood family and other directors accepted the Cargill offer for their combined 35 per cent.

After the Cargill bid, he had proposed an offer for the Eastwood Thompson meat division at 160p a share.

The Panel says that Mr. Trotman had accepted that his action was wrong and had expressed his regret to the Panel.

Rhodesia budgets for record £200m deficit

BY TONY HAWKINS

SALISBURY, July 20.

RHODESIA is preparing for a £200m budget deficit—easily the largest in the country's history and almost twice last year's shortfall. This will be met partly by £100m worth of loans already concluded and of which details were not given.

There is speculation that this £100m of borrowing involves loans from South Africa as well as a $15m Euromarket loan.

This is the first time since the country's declaration of independence in 1965 that it has given any publicity to external borrowings.

A footnote to Government spending estimates published today says that Rhodesia will raise the $15m with variable interest payments at Inter-bank rates plus 1 per cent.

All other external loans referred to in the published schedule of national debt refer to transactions before UDI in 1965.

Rhodesia is known to have borrowed abroad to finance its external payments deficits since 1965, but without publicity.

Given a return to normal political and economic conditions, Rhodesia would be likely to try to borrow heavily in international capital markets as it is "underborrowed" by developing country standards at present.

The remaining deficit will be met by domestic borrowings. There will be a 12.5 per cent compulsory loan levy on nearly all individual and corporate taxpayers.

Having said in the Budget address that tax rates in Rhodesia already were high enough—if not too high—the joint Finance Ministers imposed the compulsory loan levy, applied to the previous year's income. This will bring in £22m this year and leave tax rates unchanged.

Loan, says Smith

Mr. Smith stressed that the loan levy was a loan and not a tax. It would be repaid in three years and would carry interest at 4.5 per cent, tax free.

The speech predicted that Rhodesia's real GDP would fall another 7 per cent this year, after 7 per cent in 1977—its fourth successive year of decline.

A fall of £23m in exports was forecast, coupled with warnings that there would be shortages of low priority imports.

"It is not possible to maintain real income, either on a personal or corporate basis, in the face of continuing inflation, loss of confidence and recession," the Government said. "The progress of living standards has come temporarily to a halt and cannot be resumed until our terms of trade have improved, and the economy is unshackled from both sanctions and large-scale military operations.

"In this period of adjustment, standards of living may actually decline."

● Under British exchange control legislation it would be illegal for banks in the UK (including foreign-owned banks in London) to participate in any Eurocurrency loan Rhodesia may be arranging.

The position of banks in other countries would depend on their domestic legislation implementing the UN policy of sanctions against Rhodesia. This would certainly prevent most of the world's major banks from lending. However the sanctions policy has not been implemented everywhere in full (and particularly not in South Africa) $15m is such a small sum by international banking standards that it would not be difficult to raise privately.

Our United Nations Correspondent adds: Switzerland, a possible source of such funds, is not a UN member and is not technically and formally bound by its resolutions. But the Swiss have voluntarily undertaken to maintain the level of their trade with Rhodesia before the imposition of sanctions.

Prior hits Labour phoney war

BY CHRISTIAN TYLER, LABOUR EDITOR

THE LABOUR PARTY and trade unions are promoting a phoney war with the Conservatives to mask the Government's disastrous record ahead of an October election, Mr. James Prior, Shadow Employment Secretary, said last night.

Mr. Prior, in a major policy speech approved by the Shadow Cabinet, said that Mr. Callaghan had little choice but to call an October election since it was the last opportunity to go to the country before inflation and unemployment began to get worse again.

"Because Labour dare not address themselves to the central questions of the day, they have already started to parrot all the old clichés about Conservatives not being able to get on with the trade unions," he told Lambeth Conservatives.

Vigorously returning to a theme already invoked by Conservative leaders in the wake of hostile comments from this summer's trade union conferences, Mr. Prior said: "The picture of the party as the natural and inevitable enemy of the unions is a bogeyman created by Labour and their supporters to frighten the voters. The country will know what credibility to give to these smears.

"The fact is that trade unions do and will work with any democratically elected government."

Despite Mr. Prior's conciliatory line on key issues like labour law, the closed shop and employment subsidies—all official policy—union leaders have seized on leaked Tory documents dealing with denationalisation and stratagems for industrial conflict as evidence of the Conservatives' real thinking.

Mr. Prior said that to suggest the party would seek conflict with trade unions was like suggesting it wanted to cut off one of its own limbs. "Without the support of several million trade union members we could never form a Government," he said.

Conservatives would confront inflation and unemployment, not groups of people. There would be maximum emphasis on consultation and co-operation.

Turning to Labour's record, he said that over the next ten years Britain, without a change of course, would be overhauled by countries like Brazil, Iran, Israel, Portugal, Spain and Singapore. The national debt interest payments had increased by £4bn a year in the last four years, while the balance of payments advantage from North Sea oil and gas was about £5bn.

The pound of 1974 was now worth 52p, and an extra person had joined the dole queue every three minutes during four years of Labour government. Under Conservative administrations since the war average real take-home pay had risen 60p in the pound, under Labour only 6p. For every person who had become unemployed under the Conservatives, there were 11 under Labour.

Conservatives would insist on bringing abuses of union power into the open, and would not be deterred by cries of "confrontation" and "union-bashing."

British Shipbuilders plans attacked

BY LYNTON McLAIN, INDUSTRIAL STAFF

A PLAN by the nationalised British Shipbuilders to compete with private engineering companies in a first attempt to diversify out of ship and marine engine building was attacked by engineering employers yesterday. They said the action was "morally wrong."

Barclay, Curle and Co. of Glasgow, one of the British Shipbuilders five marine engine-builders, has been ordered to switch to making a wide range of "general engineering products and equipment for the defence and commercial fields," the State group said last night.

The restyled company will have the benefit of a heavy investment programme authorised by British Shipbuilders, and is likely to have advanced machining and metal fabrication equipment.

Barclay delivered its last engine last month for a ship launched on the Tees yesterday.

The engine shop is being reconstructed. Some machines will be taken out and new plant installed, but the company will retain its capability in heavy engineering.

The final plans have not been completed, and British Shipbuilders said that it was not its policy to disclose the money spent on new investments.

A large part of the money would go on equipment to make the launching system for the Sea Dart guided missile, already on order from British shipbuilders for the Royal Navy. At present work on the system is thought to be going ahead at Vickers' Barrow works.

The Ministry of Defence said last night it welcomed any move that would speed production of the launchers to be installed in the Type 42 destroyers, but no extra spending on the contract would be acceptable.

The diversification plan was described as "senseless" by Mr. Anthony Frodsham, director-general of the Engineering Employers Federation.

He said engineering companies which did machining and fabrication work were already under-used and over-equipped.

If the products from the restyled factory were the same as those produced from existing works, "this could only create unemployment in the private sector.

"But if the products are new and provide a substitute for imports, then that must be a good thing; but we would still not like to see British Shipbuilders sprawling over the whole industry."

Under the new arrangements Barclay, Curle would become a subsidiary of the Vickers part of British Shipbuilders.

The new relationship would increase productive capacity permitting extra work to be taken on in defence and engineering equipment manufacture eventually to include a "wide range" highly specialised engineering products," British Shipbuilders said.

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Pipeline

line as being "a doubtful economic proposition."

Dr. Dickson Mabon, Minister of State for Energy, who yesterday announced the winding-up of the study group, said that much of the gas, which might be pushed through the Brent and Frigg systems, would be of differing qualities and thus would need offshore treatment.

"We cannot rule out the possibility that the quality problems may be more cheaply resolved by building a new pipeline than by installing extra equipment on the platforms," he said.

The case for a new trunk line would also be enhanced if substantial new reserves were found or if the Norwegian authorities agreed to send gas ashore through a U.K. system. The British and Norwegian Governments have been holding preliminary talks about this possibility.

But the study group was told explicitly to ignore the possible impact of Norwegian gas in its assessment.

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Dividend controls

motion that would allow the Bill to complete all its stages in one day next Thursday.

John Elliott writes: If the Bill fails to become law, Ministers are likely to consider extending their present pay sanctions system of penalising companies to cover those which exceed the new dividends limit.

This is the only option that Ministers are believed to have thought of as a fallback. It was discussed by Mr. Roy Hattersley, Prices Secretary, when he met leaders of the Confederation of British Industry to discuss pay sanctions on Wednesday night in advance of yesterday's Cabinet.

The pay sanctions system was introduced last year as a way of inducing companies to keep to pay limits. Companies which exceeded the limit were blacklisted, which meant that they were liable to be refused Government contract, and State industrial and export aid.

The system was extended early this year when specific clauses were written into all Government contracts requiring companies to pledge that they would abide by pay limits.

● Mr. Callaghan said last night that the Government's phase four policy represented the best deal that people could get.

In an interview on Thames Television's This Week, the Prime Minister said that he had seen the Government's proposals described as harsh. "They are not harsh. This will represent the best deal that people could get to maximise their standard of living."

The Government had a duty to say what it believed the country could afford and to persuade the people to accept its judgment.

Mr. Callaghan denied that the country was stuck in a rut and said there was no need for pessimism. Industrial investment was increasing rapidly, economic growth was reaching 4 per cent a year and living standards were going up.

Weather

UK TODAY

MAINLY dry, sunny spells, warmer; rain spreading from West.

London, Cent. S., S.E., E. Anglia, E., E. Midlands
Dry, sunny spells. Max. 20C (68F).

Channel Isles, S. Wales, S.W. England
Cloudy, occasional rain. Max. 19C (66F).

W. Midlands, Cent., N., N.E. England
Cloudy, occasional rain. Max. 19C (66F).

N. Wales, I. of Man, Lakes, N.W. England, Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Moray, Cent. Highlands
Cloudy, occasional rain and hill fog. Max. 17C (63F).

N. Scotland, Argyll, N. Ireland
Cloudy, rain, hill fog. Max. 15C (59F).

Orkney and Shetland
Sunny intervals, showers. Max. 12C (54F).

Outlook: Cloudy, occasional rain

BUSINESS CENTRES

		Y'day Midday °C	°F			Y'day Midday °C	°F
Amstrdm.	C	15	59	Madrid	S	28	82
Athens	S	32	90	Manchstr.	C	14	57
Bahrain	S	43	109	Melbourne	S	15	59
Barcelona	C	25	77	Mexico C.	S	24	75
Beirut	S	30	86	Milan	F	25	77
Belfast	C	14	57	Montreal	C	24	75
Belgrade	F	23	73	Moscow	C	18	64
Berlin	C	17	63	Munich	F	19	66
Birmghm.	C	14	57	Newcastle	C	14	57
Bristol	C	15	59	New York	S	27	81
Brussels	C	16	61	Oslo	F	19	66
Budapest	F	21	70	Paris	C	17	63
B. Aires	C	12	54	Perth	R	14	57
Cairo	S	36	97	Prague	F	17	63
Cardiff	C	15	59	Reykjavik	C	14	57
Chicago	S	29	84	Rio de J'o	S	26	79
Cologne	C	16	61	Rome	S	27	81
Copnhagn.	R	13	55	Singapore	S	30	86
Dublin	C	16	61	Stockholm	R	14	57
Edinburgh	R	14	57	Strasbrg.	C	19	66
Frankfurt	C	17	63	Sydney	C	21	70
Geneva	F	20	68	Tehran	S	33	91
Glasgow	R	16	61	Tel Aviv	S	29	84
Helsinki	F	18	64	Tokyo	C	30	86
H. Kong	S	31	88	Toronto	C	29	84
Jo'burg	S	17	63	Vienna	C	22	72
Lisbon	S	25	77	Warsaw	F	19	66
London	C	16	61	Zurich	C	17	63
Luxembrg.	R	12	54				

HOLIDAY RESORTS

Ajaccio	F	22	72	Istanbul	S	28	82
Algiers	S	28	82	Jersey	C	16	61
Biarritz	C	20	68	Las Plms.	F	26	79
Blackpool	C	16	61	Locarno	F	24	75
Bordeaux	C	19	66	Majorca	F	27	81
Boulogne	F	17	63	Malaga	S	26	79
Cape Tn.	S	15	59	Malta	S	29	84
Corfu	S	31	88	Nairobi	S	20	68
Dubrovnik	S	27	81	Nice	S	23	73
Faro	S	25	77	Oporto	S	23	73
Florence	F	26	79	Rhodes	S	32	90
Gibraltar	F	25	77	Salzburg	C	20	68
Guernsey	C	16	61	Tenerife	S	31	88
Innsbruck	F	20	68	Tunis	S	29	84
Inverness	C	12	54	Valencia	S	27	81
Is of Man	F	15	59	Venice	F	24	75

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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